EUROPE'S BUSINESS NEWSPAPER

FINANCIALTIMES

Friday August 12 1988

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COUNTERTRADE East and West seek

new barter accord

World News

Iran and Iraq UK director clash as UN sacked prepares Gulf after £2m peace force

Iraq accused Iran of shelling its positions near the Shatt al-Arab waterway, in apparent contravention of an understanding that new attacks would not be launched in the run-up to the August 20 ceasefire date announced on Mon-

day.
UN Secretary-General Javier
Perez de Cuellar earlier told
the five permanent members of the Security Council that they had a duty to help pay for the 350-strong UN force being sent to monitor the ceasefire between Iran and lraq. Page 16 .

Joint space plan

The US and the Soviet Union are discussing unprecedented co-operation in space research and exploration, starting with investigation of damage to the earth's ozone layer. Page 16

US drought package President Ronald Reagan signed a \$3.9bn relief package for US farmers hit by drought.

Secui detentions South Korean police detained 400 people as about 2,000 stu-

dents: demonstrated against a Government ban on a meeting between North and South Korean students. Angola clashes

The first 24 hours of the ceasefire between Angola and South Africa saw claims by Unita rebels in Angola to have killed 50 Government troops, and reports from Pretoria that soldiers had opened fire on a car in northern Namibia.

Kabul beats rebeis

The Afghan Government claimed to have regained control of the provincial capital of Kunduz from rebel forces which entered it after Soviet troops withdrew.

Yugoslav drought Up to a third of agricultural

production may have been lost o drought in Macedonia. Yugoslavia's poorest republic. Trade liberalisation, Page 2

Settler is charged A Jewish settler was charged with manslaughter for shoot-ing a young Palestinian during unrest near Jerusalem.

W Sahara proposals Morocco and the Polisario

Front were handed confidential new proposals for resolving the Western Schara dispute. Background, Page 3

Italian hostages free Ethiopian guerrillas release two Italian geologists held cap-tive for nine months, following a decision by their employer to pull out of a controversial development project...

No French embassy France denied reports in the official Vietnamese press that it planned to open an embassy in the Kampuchean capital Phnom Penh.

Bonn debt offer

Zambian President Kenneth Kaunda said West Germany had offered to write off \$23 in debts if his Government adopted economic reforms proposed by the International Monetary Fund.

Papal no to Pretoria The Pope has turned down Pre-toria's last-minute invitation to include South Africa in his September tour of neighbour-

Business Summary

inside deal

AN ASSOCIATE director of County NatWest WoodMac. the securities subsidiary of the UK National Westminster the UK National westminster bank, has been sacked for car-rying out deals in Grand Met-ropolitan shares worth £2m (\$3.4m) on the basis of inside information. The transactions netted a £100,000 profit for CNW Pages 6 CNW. Page 6

SOYABEAN crop losses because of the US drought have been put as high as 25 per cent, according to private estimates. Losses for corn and spring wheat may be as high

Soyabeans

Chicago second position Cents per 600 bushel :: 1100 900

Aug '87

as 50 per cent. President Rea-gan signed a multi-million dol-lar bill to compensate farmers

AMERICAN International Group, a leading US insurance company, has increased its stake in Kleinwort Benson Group, the UK merchant bank-ing business, to 6.06 per cent.

RANKS Hovis McDougail, the UK foods group fighting a £1.72bn bid from Goodman Fleider Wattie, buttressed its defence against the Australasian food company by fore-casting pre-tax profits of at least £156m for tha year to September 3, Page 17

FISONS, the UK drugs, scientific and horticulture group, launched a major expansion in Italy, with the acquisition Italchimici for £31.5m. Page

RECORD \$3.6bn contract . . awarded recently to Interna-tional Business Machines has been suspended pending a hearing on a protest by Hughes Aircraft, a subsidiary of General Motors, passed over in favour of IBM after a four-year

bidding competition. Page 19 **KLM Royal Dutch Airlines** announced a 13 per cent drop in profits in the first quarter of fiscal 1988/89 because yearearlier earnings were boosted by aircraft sales. Page 18

AUSIMONT, the speciality chemicals subsidiary of Italy's Montedison Group, sold two carpet tile manufacturing com-panies to Interface, a Georgia-based flooring and office equip-ment group, for more than \$150m. Page 18

POTENTIAL source of conflict between Grand Metropolitan, the UK drinks group, and Sea-gram, the Canadian drinks company, concerning distribu-tion of GrandMet's brands in the Fig. First has been seen bethe Far East has been resolved

PORSCHE, the West German

sports car group, plans to cut-its US sales by about 25 per cent in the 1968/89 model year, according to the management board member in charge of sales. Page 22

UNISYS, the US computer group, is to take over Converat, a California maker of work stations, in an effort to bolster sales of computers running on the Unix operating system, a fast-growing market segment, Page 19

OTC fraud involved 'at least \$250m'

By William Dullforce in Geneva

OVER 10,000 investors paid more than \$250m into the net-work of companies involved in a worldwide frand involving US over-the-counter shares, investigators now believe. Estimates of investors' losses have swelled as investigations continue in Geneva, Basle,

Dusseldorf and Paris. The idea of setting np an international commission to investigate the fraud in all its ramifications has been mooted between prosecutors in Switzerland, West Germany and France. Investigators are find-

Certificates naming some 25 US stocks were discovered in the offices of Chelsea Financial AG. Basie, and the Basie public prosecutor's office calculates that between \$100m and \$200m. of investors' money passed through Chelsea Financial and Stockwell Financial AG, which

shared the same address at Solothurnerstrasse 45, Basle. Only very small amounts were found in the two compa-nies' bank accounts with Basler Kantonalbank, according to

ing it difficult to trace the Mr Robert Staub, the criminal commissioner in the prosecu-

Investors' payments for the purchase of shares had been transferred to Luxembourg banks, which had now blocked the accounts at the request of the police in Düsseldorf, West Germany, Mr Staub said. He did not know how much they

Mr Laurent Kasper-Ansermet, the examining magistrate in Geneva, said that \$150m would be e reasonable estimate of the "illicit income" received

G-7 meeting was not planned before the September Interna-

tional Monetary Fund and

World Bank meetings in West

The rise in US prime rates brought them into line with

short-term money market interest rates. These have been

firming for some months and moved sharply higher this week as US financial markets

The rebound started in Tokyo

where renewed investor confi-

worse-than-expected company

results, apprehension about trading on Wall Street and US

Continued on Page 16

US retail sales, Page 4; Man kets, Second Section.

by the companies he is investi-gating – Falcontrust Financial in Geneva, Equity Manage-ment Services in Nyon and the Geneva and Lugano branches

Geneva and Lagano branches of Kettler Investment, registered in Liechtenstein.

The victims include many UK investors. A dozen Britons are among some 40 investors who have approached one Geneva lawyer, while lists of close to 3,500 clients found in the Chelses Financial and the Chelsea Financial and Stockwell Financial offices in Basle contained "a lot" of UK addresses, according to Mr

Stanb. Some 7,000 clients were listed in Geneva and Nyon. So far 10 arrests have been

made. Mr Gerhard Fekkes, 56, a Dutchman, and Mr Jack Sussman, 46, a Canadian, were arrested in Basle and extradited to West Germany at the request of Dússeldorf police.

The two ran the Basle companies, but had also been con-nected by the West German police to Supercorp Kapitalan-lage, Dortmund, a company the police had started to investi-Continued on Page 16

Dollar falls sharply **OECD** warns Japan over as US banks raise inflation threat By lan Rodger in Tokyo

INFLATION could break out in the Japanese economy in the next year or so if the antici-pated continuation of the country's strong growth trend pushes the economy towards its production and manpower capacity limits.

Despite this warning, the

Organisation for Economic Co-operation and Development (OECD), in its biennial in-depth report on the Japa-nese economy, gives a clear endorsement to the Government's current macroeconomic policies and exhorts it main-tain an expansionist stance."

reacted negatively to the half point rise in the discount rate . "International imbalances to 6.5 per cent announced on are still too large for any relax-ation of Japan's efforts to con-tribute to a more balanced world economy," tha report concludes. "Moreover, the size of Japan's external surplus is such that strong growth of domestic demand will need to be maintained for some years." Tuesday.
In equity markets, share prices ended higher yesterday after steep falls on Wednesday. dence helped share prices after the year's biggest plunge, the previous day. In London, share prices fol-lowed Tokyo upwards at the opening but ended lower after

be maintained for some years."
The report predicts that
Japan's gross national product
will rise by "a little over 4 per
cent in 1988 and a little less in
1989." These forecasts are modest compared with the latest views of Japanese economists, and the report acknowledges prime rate moves.
The FT-SE 100 share index closed down 4.7 points at 1,835.2. The Nikkei index rose 230.11 points, or 0.84 per cent, that "there is some possibility that GNP may grow faster than expected in 1988, with both exports and business investment rising more strongly than envisaged."

It says that unemployment, now less than 3 per cent, is likely to fall and the inflation rate, which is less than 1 per cent, to edge higher.

The current external surplus will fall to around 2.5 per cent of GNP by 1989, but that would leave it still at over \$80bn. Japan's fiscal policy is described as "broadly appropri-ate" and the OECD believes it will allow some reduction in

the Government's budget defi-cit over the forecast period. However, it is concerned about the rapid growth of money sup-ply, which has been in the 11-12 per cent range since the

beginning of this year.

A vigilant stance of monetary policy will be required, the report says. It notes that the rise in the yen has played a cignificant role in degree of the result significant role in dampening inflation up to now, but sug-gests that this may not continue in the future because of industrialised countries' exchange rate stabilisation co-ordination.

Instead, policies aimed at changing the structure of the

economy by opening markets and deregulating some sectors could take over this role.

The report contains a study of the progress of Japan's structural adjustments to date. It finds that productivity growth in the service indus-tries has lagged significantly behind that in manufacturing. In the 1974-85 period, productivity in manufacturing grew by 6.1 per cent, while that in services grew only 2.8 per cent. It praises recent progress in deregulating the telecommunications and transport industries as well as the financial markets, but complains about the anomalies in inheritance and taxation laws that discourage land sales and lead to

Japan's excessive land prices.
The report analyses the problems in Japan's notoriously complicated distribution sector, but finds that value added per head in the wholesale and retail trades is not out of line with that in other leading OECD countries. With the US as a base at 100, Japan stands at 72 by this measure,

outlines stock exchange overhaul

Belgium

By Tim Dickson in Brussels

> THE Belgian Government yesterday outlined its plans for a potentially radical overhaul of the Brussels Stock Exchange, including the trans-formation of local stockbroking firms into limited companies and their opening up to outside

capital.

The ideas were spelt out in a joint letter from Mr Philippe Maystadt, the Finance Minister, to Mr Jean Peterbroeck, the bourse president, and Mr Leo Goldschmidt, president of the Belgian Bankers Association. The two bodies have been arguing for two years over ways to end stockhookers' que-

ways to end stockbrokers' quasi-monopolistic practices.

The move, which was welcomed yesterday by both sides to the dispute, is seen as reflecting fears that Brusse's' high transaction assets by high transaction costs, out-dated technology and old-fash-ioned legal structure, which is still based on the Napoleonic code, leaves it vulnerable to the changes in the European

financial services market.

Mr Maystadt's letter effectively appeals to both sides to bury their differences in the interests of the broader promo-tion of Brussels as a leading financial centre and spells out his plan for a new government commission aimed at reaching agreement on the main issues by the end of October.

Mr Maystadt's intervention represents a significant change of policy by the Belgian Government, which had previously been content to let the parties try to reach a solution on their

own.
The apparent attempt to raise the issue closer to the top of the political agenda is not directly related to this year's dramatic battle for the coun-try's leading bolding company Société Générale de Belgique, but it is widely recognised that the affair focused attention on the need for reform.

Mr Maystadt laid down a number of principles on which the forthcoming negotiations should be based: • opening up stock exchange business to banks and other

credit institutions, initially to Belgian companies but ultimately to those from other EC countries;
• rationalising the large number of small stockbroking

firms: ensuring adequate stockbro-kers' capital; and

 establishing greater transparency of dealings through the centralisation of stock but the UK is only 55.2, Editorial comment, Page 14 the centralisation of exchange transactions.



prime rate to 10%

By Raiph Atkins in London and Janet Bush in New York

strength in the currency.



being planned. In West Ger-many, Mr Stoltenberg said a

Leading G-7 officials moved esterday to rebuff market speculation that a meeting was

currency dealers attributed the dollar's weakness partly to profit-taking after its surge ear-lier this week and concern that central banks in the Group of Seven (G-7) industrial countries might act to mitigate.

UK inflation 'will rise'

By Simon Helberton, Economics Staff

INFLATION in the UK will demand. continue to rise, but high interest rates should help keep prices under control and allow the economy to return to a more balance growth path, the Bank of England said yester-

He said a stronger dollar would lead to higher West Ger-man interest rates and import prices and would also threaten

progress in tackling world trade imbalances - particu-

larly in the US.

His comments were echoed in the Bank of England's Quarterly Bulletin, published yesterday. This warned that the recent high level of the dollar.

might slow the reduction in global imbalances.

In New York and London,

other banks.

In its Quarterly Bulletin. published yesterday, the Bank underlines its belief that high interest rates and a firm pound are necessary to keep the lid on inflation and excessive

Strikingly, the Bank asserts that if Britain is to achieve a simultaneous reduction in the rate of inflation and an improvement in the trade deficit then domestic demand will have to grow by less than the economy's productive poten-

Domestic demand is currently growing by about 7 per cent a year, while the Bank

The news is a significant set-back to plans by both compa-

potential to be about 4 per cent a year for manufacturing and 3 per cent a year for the whole economy. Although it envisages infla-

tion in Britain edging up over the next 12 months the Bank believes it will peak at a level below 6 per cent.
The Bank rejects currency depreciation as a policy to improve Britain's balance of payments because that would

believes the UK's productive Continued on Page 16 Royal Insurance and Victoire break off talks on merger

By Nick Bunker in London and George Graham in Paris had prompted it to make the disclosure, but would not com-

ROYAL INSURANCE and Groupe Victoire, the British and French insurers, have broken off long-running merger talks which would have cre-ated a pan-European insurance group ranking close in size to West Germany's Allianz and Italy's Generali. Victoire maintained a chilly

refusal to comment on the situation, which was disclosed by Royal in a one-sentence announcement yesterday. Paris financiers said Victoire was disappointed that Royal had premeturely revealed the end of discussions.

nies to achieve critical mass within the European Commn-nity, at a time when the EC is striving to liberalise cross-border insurance trade in the ran-up to 1992. Royal since 1980 has had a goal of European expansion, partly to offset the violent cyclicality of its US property/casualty business, which made up 47 per. cent of its £3.1bn

ment further.

(\$5.2bn) 1987 non-life premium Mr Roy Randall, Royal's investor relations chief, said a resurgence of press speculation However, its biggest European subsidiaries are still small, including the 11th big-gest non-life insurer in the Netherlands and a Spanish insurer with 1 per cent of the local market.

Victoire, also, has apparently embraced the view that French insurers need to grow rapidly Some Victoire officials do not rule out a return to negotiations once current difference have been sorted out. One major sticking-point

was a misnnderstanding between Royal and Victoire over relative size. Royal balked when an independent audit by Arthur Andersen, the accountants, valued Victoire at 35 per cent of the UK group. Lex, Page 16

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leader, who has conpower. Now the trump card of Aighanistan is aid to stay on top

Ta-Reviews --World Gulde

Western Sahara: UN attempts to break the deadlock in the 13-year conflict Management: West Germany's quiet takeover activity is unlikely to increase . Technology: Filling the executive car with the Occupied territoriess Jordan's withdrawal throws a challenge to the PLO Editorial comment: Japan defies its critics;

Soviet society: Independent ideas and Institu-

Less Oils: Racaf; RHM; Royal Insurance/Vic-Plaw Materials . Stock Markets . -Wall Street ... -London Technology Unit Trusts

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STERLING. New York close \$ 1,7100 (1.69435) \$ 1,7015 (1,6910) DM-3.2325 (3.2395) FEr 10.9525 (10.9575) SFY 2.70825 (2.706). Y 227.825 (227.25)

DOLLAR New York close DM 1.8858 (1.9088) World: Tokyo FFr 6.3955 (6.4475) 27,784.98 (+230.11) Y132,9 (153,68) DM 1,9000 (1,9155) FET 6,4375 (6,46) SFC 1,5900 (1,599) Y133.85 (134.45) New York close

STOCK INDICES New York class Dow Jones Ind. Av. 2.039.3 (+5.16) 262.41 (+0.51) FT-SE-188 1895.2 (-4.7) 124.3 (Wed)

464.9 (-15) Brent 15-day (Argus) \$ 15.075 (+0.5) West Tex Grude

Gen Zia has benefited from Pakistan's opposition rivalry A myth has grown up around Pakistan's

founded expectations by consolidating his waning, he must rely even more on opposit ion rivalnes and US

toire; markets ... Gold International bonds Intl. Capital Markets Letters

GrandMet's disposable "core" ...

tions do not mean the Party is over ...

THE LIBERALISATION of Soviet foreign trade proceeds apace, as new organisations, banks and ventures are announced almost daily. The problem is knowing what these

finance foreign as well as domestic ventures and report-edly empowered to issue bonds and accept deposits in foreign currencies as well as in rou-

The banks, which are not

ment, and Energomasb, the Ministry for Energy Technology. They were conceived as instruments for financing these ministries projects, and have been expanded to allow problem is knowing what these new enterprises do, and when they can do it.

Leningrad, the Soviet Union's second city, now boasts two "commercial joint stock" banks, set np to belp finance foreign as well as domestic ventures and reportwhich will keep them right on Soviet law.

At the same time, another new organisation aimed at pro-viding financial services both named, are the children of two
ministries - Minkhimash, the
department concerned with
chemical production equipdable array of institutions —

such as the State Bank of the USSR, the Ministry of Finance and the Ministry of Foreign Economic Relations. It, too, is reported as being independent of the control of all ministries.
This mixture of indepeo-This mixture of indepeodence and eotrepreoeurship has every kind of official and intellectual approval. Writing in the current issue of the journal World Ecocomy and International Relations, Mr Victor Spandaryan and Mr Nikolai Shmeklyov say that "a wide range of progressive forms of foreign economic ties... (are) necessary to pass over from a passive to an active policy in the world mar-

active policy in the world mar-ket that would be in line with the opportunities offered by the economic, scientific and

At the same time, they point to the present adverse trend in Soviet trade in one of the most critically important areas for its present plans - machine tools. The Soviet share of the world market in this sector has fallen from 3.2 per cent in 1970 to 2.1 per cent in 1985. A massive exhibition of international machine tools and production systems is now taking place in Moscow, with the press giving prominence to interviews with foreign managers and engi-neers describing the advan-tages of advanced production

technological potential of the Soviet Union."

However, the objective of increasing freedom in foreign trade has run counter to the

entrenched monopoly in this field of the Vnesheconombank, the bank of foreign economic affairs, and the reluctance of the economic ministries to the economic ministries to allow new organisations to operate in an unfamiliar, yet highly prized, area. Earlier this week, the Moscow co-operatives' association was grumbling that only one of its near-3,000 members had managed to get a licence to deal with foreign partners. with foreign partners.

One foreign banker said yes-terday: "There is some logic to this. The restructuring of the Soviet banking system has not yet created many people out-side of Vnesheconombank who know their way round foreign banking methods."

Stoltenberg opposes further rise in dollar

By David Goodhart in Bonn

MR Gerhard Stoltenberg, the West German Finance Minister, has spoken out for the first time against a continuation of the dollar's recent rise. He told journalists in Boom that any further rise in the dollar would be counter-productive and would lead to higher German interest rates higher German interest rates and import prices, and would also threaten the progress being made in tackling trade imbalances, especially in the

Mr Karl Otto Pöbl, President of the Bundesbank, echoed these sentiments in a maga-zine interview saying a higher dollar was in nobody's inter-

The dollar slipped two pfennigs against the D-mark and was fixed in Frankfurt at DML898, down from Wednesday's DML92.

Appliests expect the authori-

day's DM1.92.

Analysts expect the authorities to do all they can to avoid a forther rise in German interest rates. Mr Stoltenberg stressed that the mark remained stable within the EMS and there were specific reasons for weakness against the dollar, sterling and yen.

He is clearly speaking out against a further rise in the dollar, with the backing of the other G7 countries, but he said no G7 meeting was planned before the IMF meeting in September.

tember.

The West German Government is worried that the combination of a weakened mark and an investment boom across much of the industrialised world, which especially favours German capital goods exporters, will slow the considerable progress being made in the reduction of Germany's current account surplus.

Mr Stoltenberg pointed out yesterday that in the first five months of this year exports had risen 2 per cent in vaine and imports 4 per cent, producing a reduction in the surplus of DM5.5bu, or 15 per cent, on the same period last year.

The West German Finance Minister, who has straggled through a difficult six months in domestic politica, was looking more buoyant than usual as he also surveyed Germany's better-than-expected economic prospects and promised a sharp cut in industrial subsidies.

However he stressed that the higher fax revenues for The West German Govern-

the higher tax revenues for 1988 - of between DM2.5bn and DM4bn - which resulted from GNP growth creeping up to 3 per cent would be used to reduce the budget deficit next year rather than cut the DMSbn increase in consumer taxes scheduled for 1989.

For the current year he expects a budget deficit (states and central government) of DM68bn, or 3.2 per cent of GNP, which reflects a 2.5 per cent increase in public spending, slightly higher than expected. Next year, thanks to higher tax revenues, the defi-cit should be reduced to between DM50hn and DM53h about 2.4 per cent of GNP, despite a 4.6 per cent rise in

public spending.

That rise in spending is accounted for by an extra DM3.3bn to the Federal Labour Office, DM2.45bn to help the poorer states deal with a rising social security bill and DM2.8bn to cover export credits. Nevertheless. Mr Stoltenberg said, the average annual increase in public spending has been 2.5 per cent since 1983 compared with over

7 per cent in the 1970s.

He sims to reduce the budget deficit to 1 per cent of GNP, but reforms to the pension and health insurance sys-tem, due before the next election in 1991, may at first increase the public burden. After the further reduction in income tax of DM19bn in

1990, income tax will represent only 22.7 per cent of GNP (excluding persion and health costs), the lowest since 1960. In 1990 the central Govern-ment's proportion of tax reve-nue will also have fallen to 45.2 per cent from 54.2 per cent in 1970.

Opposition rivalries keep Zia on top

LEVEN YEARS at the top is a long time, perticularly in a country as unpredictable as Pakistan. General Mohammed Zis-ul Haq has ruled Pakistan for a quarter of its lifetime: first as chief martial law administrator, and then as president, after consting the elected Prime Minister, Mr Zulfikar Ali Ebutto, in a military coun in 1977.

Ironically, Mr Bhutto had chosen Gen Zia to head the army because he considered him unlikely to pose a threat. Since then, Gen Zia has not only confounded all expectations by consolidating his power, he has also improved his image by taking in 3m refugees from Afghanistan, if not entirely for altruistic reasons.

Today there is a tendency to

entirely for altruistic reasons.

Today there is a tendency to overestimate Gen Zia. Tha West treats him with caution, while political parties seem unable to envisage a Pakistan without him. Gen Zia himself is more realistic. Referring to his 1977 promise of elections in 90 days, which finally materialised in 1965, 90 months later, he admits: "I do not have a very good track record."

Yet, in a recent Gallup poll, 75 per cent of those questioned said Gen Zia was the leader they most admired for his hon-

they most admired for his honthey most admired for his honesty. A myth has grown
around Gen Zia, enabling him
to get away with delaying the
party-based elections he promised within 90 days on May 29
this year until November and
on a non-party basis.

Living in Pakistan it is
almost impossible to shake off
the feeling that Gen Zia always
has several more cards up his

has several more cards up his sleeve. The President is adept at escaping tricky situations. On Christmas Day 1979, when Gen Zia's image was at an all-time low after the hanging of Mr Bhutto and the brutal crackdown on political activists, Soviet tanks rolled on to the streets of Kabul. The US, searching for a new, friendly, frontiine state to replace Iran in stopping the spread of Com-munism, seized on Pakistan, In return for helping to channel US aid to his Moslem brothers in Afghanistan, Gen Zia was transformed on editorial pages around the world from barba-

rous bangman to defender of the frontiers of the free world. Now the Soviets are leaving Zia knows Afghanistan is no longer the trump card which let the State Department ignore Pakistan's nuclear programme and continue to send aid. Gen Zia dismisses reports that if Mr Michael Dokakis is elected US President in November (just before Pakistan's elections) military aid to Pakistan will stop. "That is just a politi-cal promise. Besides I hope and pray George Bush wins."

The aid flowing that

he aid flowing into Pakistan has certainly made the country richer. The economy defies all normal constraints to achieve an impressive growth rate of 6 per cent per annum despite an almost total lack of infrastructure and one of the world's lowest investment rates as a proportion of GNP. Much of the money comes

from smnggling arms and drugs and Gen Zia admits "cor-ruption has reached alarming proportions." It was to dissec ate himself from such problems that in 1985 elections were finally held on a nonparty basis. Gen Zia got him-self a parliament and Prime Minister to take the rap, while making sure the revived constitution gave the real power in the President.

The experiment did not work as expected. Gen Zia's handpicked Prime Minister, Mr Mohammed Khan Junejo, who claima "Zia will never find another assembly as friendly as us," continually overstepped the mark. Forever the general, Gen Zia could tolerate his Prime Minister only as second in command. Losing patience, he dismissed the Government on charges equally applicable to his martial law regime. Since then Gen Zia has looked like a man running out

Christian Lamb considers the career of Gen Zia as ruler of Pakistan

of options. His assertion that the majority of Pakistan is in favour of non-party elections rings hollow when he himself admits the 1965 experiment failed. His long-time support-ers, the right-wing religious party Jamaat kissait, have des-erted him for his main snewsy, the Pakistan People's Party the Pakistan People's Party (PPP). Gen Zia retaliated with the Sharist ordinance to make the Sharlat ordinance to make Islamic law supreme, but instead of winning back conservative support the move was denounced by all religious parties as "a cheap trick".

The opposition gained further momentum with a Supreme Court derision to lift the ban on political parties, and an unpopular budget which has had traders on strike and the business community hammering at the Presstrike and the business com-munity hammering at the Pres-ident's door. Moreover, there is confusion over what happens in October, when both the bud-get and Sheriat become illegal, as the constitution a caretaker cabinet's measures only four months' validity.



(i)

Zin: eleven years

Both on the political and legal fronts the opposition is stronger than it has ever been under Gen Zia. But, at 63, Gen Zia is not giving in. Rumour has it that the election date coincides with the delivery of PPP leader Ms Benesir Bhutto's first bahy. However, Ms Bhutto's close advisers say that sha can play Gen Zie at his own game, and the birth may in fact be as early as Sep-

Gen Zia has more subtlety than to prevent his detractors from participating in the elections. He knows it would be impossible to form a Government from an assembly spawned by non-party elec-tions comprising such divergent personalities as Ms Bhutto and Mr Wall Khan, all anxious for power. Gen Zis will select as Prime Minister someone like Mr Ghulam Mustafa Jatoi, with a large standing but small party, as well as serious personal differences with Ms Shutto. The future Prime Minister will be dependent on Gen Zia's patronage, and many par-liamentarians, with no party discipline to stop them, will cross the floor in quest of

The opposition's main chance lies in an agreement to put up single joint candidates in each constituency, with the sole purpose of forming a temporary assembly to oust Gen

However, they trust each other no more than they trust the President. Their threat to hold public meetings across.
the country is unlikely to bring
people on to the streets. People
have been fired on once soo
often and their most recent experience of democracy under Mr Bhutto ended in severe disappointment. Today they are much richer and freer than they were 10 years ago. Until pocket books begin to suffer, Gen Zia's regime is an evil the people of Pakistan seem prepared to tolerate.

'clients' win a few rights

By John Wyles in Rome

THE CIVIL rights enjoyed in Italy have taken a quiet, but huge leap forward: a change which, in some Italian eyes at least, is scarcely less revolutionary than the astronomical discoveries of Constraints.

discoveries of Copernicus.

Expressed in its simplest form, the revolution gives the consumer some right to compensation if a public service fails to meet the standards which have been set for it.

This courseous embrace of which have been set for it.
This courageous embrace of
the goal of consumer satisfaction is being attempted by Sip,
the national telephone company, which has never before been noted for its sense of obligation towards the customer. Indeed, the subscriber was not thought of as a customer under the regulatory frame-

work imposed on the telephone service in 1930. He or she was a service in 1930. He or she was a "user" with no eotitlements, but a ministerial decree due to come into force in October tries to change all that.

The user becomes a "client" with a right to have his telephone bills reduced as compensation for various shortcompany in performance.

sandards in performance. The standards now being set by decree would not be regarded as tremendously demanding in France, Britain or the US, but every revolution has to start

bound to instal a telephone within 90 days of formally acknowledging a request for connection. In 1990, this waiting time will be reduced to 60 days. Should the telephone fail to arrive, then the subscriber's rental will be reduced in proportion to the delay. According to the Brussels-

based European Association, Sip has been among the slowest in Europe in connecting new subscribers. Many businessmen in the South claim to have waited

much longer. Telexes in those former outposts of the Greek empire take nearly as long as Sip will also have to mend its ways when it comes to changing a telephone number. Henceforth, it must give 90 days notice and supply a pre-recorded message notifying the

new number for 20 days after

Italy phone | Moderate Soviet line on southwest Africa

THE SOVIET UNION yesterday gave a measured and moderate view of the talks last week in Geneva on southwestern Africa, in what appeared to be an effort to steer their Cuban allies in the direction of compromise with South Africa. Mr Anatoly Adamishin, a deputy Foreign Minister, told a oews conference in Moscow that he had remained in close touch with Dr Chester Crocker, the US chairman of the talks, and agreed "in many respects" with him. He stressed that

while remaining opposed to South Africa and its policy of apartheid, the Soviet Union did not regard all suggestions from the South African side in the talks as out-of-court by defini-

South Africa and the joint Angolan-Chban delegation at the talks remain separated by the issue of a timetable for the withdrawal of the 45,000 Cuban troops from Angola. In a surprise move last week, South Africa proposed granting full independence and free elections to Namibia in return for the withdrawal of Cuhan troops: the Angola-Cuba side have argued that some at least of the Cuban troops must stay for a period to assist the Ango-lan Government in its war against the Unita guerrillas,

against the Unita guerrinas, led by Dr Jonas Savimbi.

Mr Adsmishin said that "it was an opinion that we couldn't do anything in this area while apartheid remains in South Africa. However, we now accept the need for partial solutions." He added that the

South Africa. "If no more aid is given to Unita then perhaps the Angolans could control the situation themselves." However, the Soviet Union would not stop aid to the African National Congress or to the African front-line states, he

solution of the Namibian issue

could alleviate apartheid in

The Soviet Union was will ing to stand as a guarantor to a settlement - hut before doing

Some of the shine rubs off perestroika

WITH THE fine flush of the 19th Soviet party conference more than a month past, perestroika is hecoming a grind. Speeches, statements and articles in the press are repeating the formula: it is time to turn words into deeds. And increasingly, they reflect the difficulty of doing just that: linearing tension over the rationgering tension over the nation-alities issue, and foot-dragging by some sections of the bureau-

propaganda and culture, has told party activists in Latvia it is "impermissible" for individual national and ethnic issues be given undue prominence. Clearly aware that he spoke to a party whose first secretary had made a powerful plea dur-ing the 19th conference for more independence, he mixed praise for Latvia's productivity with a reminder that it had achieved it "with the backing

Nagorno-Karabakh region of Azerbaijan where ethnic Armenians are in the majority, con-tinues to seethe below the sur-face. Armenian leaders, and many Armenians in Moscow, are dismayed at the Soviet leadership's decision last month to rule out the transfer of Nagorno-Karabakh to the

Armenian republic. However, Mr Genrikh Pogo-syan, the Karahakh party cracy, are continuing to complicate the reform process.

Mr Alexander Yakovlev, the politiburo member in charge of main national issue, that of the continuing to complicate the reform process.

Mr Alexander Yakovlev, the politiburo member in charge of main national issue, that of the main national issue, that of the rejection of boundary changes.

Other reports yesterday pointed to the intolerable pointed to the intolerable strain that perestroika is putting on some Communist party officials. The party newspaper Pravda said eight ideology cadres in the Far Eastern territory of Primorsky had resigned because of fear of what the reforms would bring.

Pravda did not say why at least eight people were needed

least eight people were needed to maintain ideological purity in Primorsky. But it did urge the selection of the right, perestrolka-minded people for party posts.

East bloc nations try to channel freedom

somewhere.
Thus, the company will be By Lexile Collit in Berlin

THE HUNGARIAN and Polish socialism." governments have warned their citizens against organis-ing politically-oriented groups when new laws on the right of association and assembly enter force in both countries. Tens of thousands of inde-

pendent organisations have sprung up in Hungary and Poland, where the authorities want to channel "alternative" views while prohibiting autonomous political groups.

Mr Gyoergy Fejti, a central committee secretary of the Hungarian Communist Party,

said in a recent speech that the aim of the new law was to move "people out of a state of indifference and apathy." He warned, however, that those whose views diverged from the party's official standpoint and formed groups would have to be "unequivocally distinguished from persons and was extremely difficult for citi-

The Polish government spokesman, Mr Jerzy Urhan, said that associations could be formed, but not "political par-ties or trade unions." He referred to the "unfortunate experiment" in 1981 when the Solidarity trade union became a political organisation.

Mr Wladyslaw Jonkisz, a central committee member, noted that under the planned Polish law on associations, citizens' groups would be allowed to operate under the principle of "everything is permitted which is not prohibited." A team of Hungarian offi-

Parliament later this year. Under the old regulations it

cials and academics has been working for months on a draft of the proposed new law on assembly and associations. It is expected to be presented to

which several newly-formed independent groups with a dis-tinctly political flavour have neither heen banned nor approved. One of them is the Independent Trade Union for Scientific Workers which is tolerated by the authorities who, however, quickly set up a rival.
One of the most active organisations is the Federation

of Young Democrats (FIDESZ), a student association which last April began organising on the territory of the dwindling KISZ Communist youth organi-sation. Although the leaders of FIDESZ were threatened with reprisals they refused to huckle. Some Hungarian party officials suggest that FIDESZ will be allowed to operate if it does not organise nationally. The Government has reacted to the FIDESZ threat by

isations. At present a kind of National Council of Hungarian limbo exists in Hungary under Youth will be set up in the antumn to co-ordinate the activities of the official and alternative youth organisa tions. Youth groups represent ing social democratic and lib-eral ideals which were banned 40 years ago are to be revived. Under the new law ordinary associations will register with the authorities, while socio-po-litical organisations will need a

presidential council licence. The Budapest authorities moved swiftly earlier this year to squelch an attempt by some 150 angry young Hungarian journalists to set up an "openness club" which would see to it that glasnost prevailed in the Hungarian media.

The journalists were told that the time was inopportune to organise such a club bnt were assured that the Government intended to pass a new press and information law.

announcing that a new groups which are against zens to set up their own organ-Belgrade to speed up freeing of prices and imports

THE YUGOSLAV Government has decided, in the light of cit for the first seven months favourable trade figures, to accelerate its programme of fall with industrialised states liberalising prices and imports, Mr Milos Milosavljevic, the wice-Premier, announced this week.

Officially recorded tourist

Comparing the first seven months of 1988 with the corresponding period of 1987, total exports went np by 14.1 per cent to \$6.69bn, while sales to industrialised countries rose even faster, by 25.3 per cent to \$3.77bn. Imports, meanwhile, increased by only 1.6 per cent to \$7.02bn; with industrialised countries the increase was 1.8 per cent to \$3.98bn.

This left the total trade defiof 1988 at \$133m, and the short-

revenues are expected to exceed \$2bn this year, while spending by visitors may in practice yield almost \$3.5 bn. The improvement in external finances follows a sharp depreciation of the dinar, which has almost wiped out the difference between official and black market rates, and a sbortage of dinars due to tight monetary and wage policy.
With the debt rescheduling

slavia's six republics and two provinces are unhappy about the latter idea, and the Bel-grade Government is expected

programme completed, Yugo-slavia has several billion dollars to spend on importing investment goods to modernise the economy, and to import consumer goods to challenge The administrations of Yugo-

to ask the federal presidency to issue a temporary decree over-ruling the republics. In addition to import liberalisation, some tariffs and other levies on imported goods will be lowered to make them more

competitive. There will be a

scaling-down of regulations 170 per cent despite attempts which allow local manufacturers of equipment to veto the import of goods which they are capable of producing.

This month more prices,

rates and fares were liberalised, so that some 70 per cent of all prices are now formed freely. The new price regime has fuelled inflation, and the target of 90-95 per cent, to which Yugoslavia has been committed by the IMF is now contain to be corrected. certain to be overshot. However, even an inflation tate of 130-140 per cent, under a

liberalised price regime, would mark an improvement over

to enforce a price freeze. In addition to raging inflation, Yugoslavia's main problems include stagnating or fall-ing industrial output, dinar illiquidity of companies and banks, and rising social tensions because of falling real wages. On top of that has come the drought, which will take a heavy toll • The FENI ferro-nickel mine

and smelting plant in Macedonia, which was closed in the late 1970s with hard currency losses amounting to \$600m and a similar dinar shortfall, may be reopened in view of the rise in the world price of nickel.

Indian bankruptcies up THE number of Indian

es that are technically bankrupt has been rising at an alarming rate according to a study by the Federation of Indian Chambers of Commerce and Industry, David Housego reports from New Delhi.
Over a period of four years,
the number of what Indians
call "sick" companies - those

in which accumulated losses exceed net worth - has risen by over 80 per cent to almost by over 80 per cent to almost 150,000. Their outstanding bank borrowings in 1988 amounted to Rs48,7bm (£2bn).
The federation reckons that only 10 per cent of such compa-nies can be put beck on their feet. It says the sectors most in difficulty are textiles, engineer-ing, sugar, jute and iron and steel. Though the bulk of the companies sinking into bank-ruptcy are small, most outstanding loans have been run

up hy large companies. In a recommendation that it

concedes will not find favour with the Government it same "Unviable units should be allowed to die. Only the effi-

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Paris suburb dreams hopefully of Dallas-sur-Seine

The citizens of Ivry are looking to Elf-Aquitaine's drilling rig for a miracle, writes Georges Graham

IF YOU try very hard, you can just see the Eiffel Tower in the distance. More likely, you will notice the derelict ball-bearing factory on your right, and the power station now being demolished on your left.

At last, however, it just might be School try to hit the jack.

lvry-sur-Seine's turn to hit the jack-pot. For there, in the middle of this grim industrial borough on the banks of the river Seine, rises the first exploratory oil well in the Paris

region.
It is difficult to imagine the Paris snburbs as a new Abn Dhabi. Elf Aquitaine, the French oil company which is operating the drilling rig, puts the chances of striking oil at no higher than one in 20, with the pros-pects of actually being able to pump and sell this oil more distant still. But Ivry could certainly use the miracle. A crucial link in the "red belt", the chain of Communist-domi-

nated municipalities which girdles central Paris, Ivry has seen factory after factory close its gates and badly needs new businesses to give a boost to its crumbling industrial fabric.

Ivry is one of the worst examples of a Communist-controlled municipality," complains one critical resident. "The town hall has systematically put the brake on any form of property development to avoid seeing its work-ing class electorate diluted."

A symbol of lvry's industrial decay is the empty SKF ball-bearing factory, standing 50 yards away from Elf's drilling rig. The Swedish group closed the plant in 1983, with the loss of 439

After months of occupation by the Communist CGT trade union, the SKF factory was stormed by the CRS riot police. The pitched battle between CGT militants, armed with catapults, and CRS, using tear gas and, allegedly, rubber bullets, led to 99 injuries, many of them serious, in one of the worst outbreaks of labour unrest France had seen in years.

Just next door stands a more hope-

ful symbol, the new printing plant being built for Le Monde, the distin-guished afternoon newspaper. The plant has already suffered a setback, plant has already suffered a setback, since the Hachette publishing group has abandoned its plans to bring out a new daily paper, which was to use some of the printing capacity.

Talks are now under way, however, with the Libération newspaper and the Amaury group, publisher of the sporting daily L'Equipe, on a joint printing plan focused on the lvry works.

works.

Ivry's town hall is enthusiastic about the new oil well. Officials note with some relish that any oil extracted would be, in a way, filched from their neighbours across the river

in Alfortville. Elf could not find a site directly above the 2,000m deep geological formation it is targeting, so it is drilling on the slant from the lvry site, a kilometre away.

"The drilling site does not create too much of a public nuisance, and if there is oil down there we may get some small royalties," says Mr Gilbert Ridouh, deputy mayor. "But above all it brings us the media spotlight, which is important for a zone in the throes of renovation."

The urban site has cost Elf around FFriom (£917,000), some 10 per cent more than usual. Most of the addi-tional cost comes from having to drill diagonally, with the extra money spent on sound insulation and tar-mac, to reduce the dirt, offset by the lower rental cost of a site which is only a third of the normal acreage. The whole Paris basin, stretching.

to the Vosges mountains, contains an estimated 40m tonnes of oil reserves, with very low gas and sulphur con-

Oil production began in 1958, and total output has climbed rapidly in recant years to reach 1.95m tonnes in 1987, 90 per cent of total French production. Esso is the largest French producer, followed by Elf, Total and Triton.

It is tempting to think that the next stop might be the Champs Elysees. Elf stop might be the champs-raysees. All has taken seismic soundings along the famous avenue, and even drilled Nm down to check its geological findings. In fact, however, Paris's airports are among the next targets, with drillings planned for both Orly and Roissy.

The whole Paris basin, stretching Just so long as they don't delay for west to the Normandy coast and east take-offs even more.

OVERSEAS NEWS

Merchant banks linked to Hong Kong charges

RIGHT former officials of the Hong Kong Stock Exchange appeared in court yesterday charged with offences under the colony's Prevention of

Bribery Ordinance.

The eight stand accused of accepting beneficial interests in allotments of shares from companies floated on the stock exchange during 1986 and 1987. Saveral leading merchant banks were named in the charges as having allotted shares to the accused.

It is alleged that Mr Ronald Li, the former chairman of the Stock Exchange, accepted a beneficial interest in an allot-ment of 500,000 Cathay Pacific Airways shares from Wardley Limited in Mrs 1688 at the

Limited in May 1986 at the issue price of HK\$3.88 (29p) per share.

In addition Mr. Li is alleged to have accepted HK\$650,500 from Wardley as commission for the sub-videous different for the sub-videous different form. for the sub-underwriting of 13m Cathay shares. Cathay was one of the most sought-after share issues ever in Hong Kong, and the shares closed at HK\$5.20 on the first day of

Another charge alleges that Mr Li accepted from Baring Securities a beneficial interest in an allotment of 1.2m new Hysan Development shares in

August 1987. Mr Li is also alleged to have

Hong Kong's merchandise trade grew by 29 per cent in the first balf of 1988, according to figures released by the Census and Statistics Depart-ment yesterday, Michael Mar-

During the six month period it was the colony's ballooning re-export trade which led the way. This was valued at HK\$117.3bn, an increase of 46 per cent over the same period last year. Of the total HK\$39bn

went China, up 50 per cent.

Domestic exports during the first half rose by 11 per cent to HK\$95.6bn (£7.2bn), with increases of 29 per cent into China and 20 per cent to the UK. This, together with 14 per cent more domestic exports to West Germany and Janan. West Germany and Japan, helped offset a 1 per cent decline in the value of Hong Kong-made goods bound for the US, the colony's largest

In the other direction there was a 32 per cent leap in imports from the US, which contributed to a 29 per cent increase in total imports at

been allotted 1.68m QPL Holdings shares by Citicorp International, 200,000 Video Technology International shares by Wardley, as well as 900,000 shares from the local subsidiary of Japanese construction company Kumagai Gumi.

Various other charges against the seven remaining defendants involve allegations that allotments were received from Baring Securities, Citi-corp and Wardley in the shares issues of Hysan Development, QPL and Video Technology respectively.

it is a commonly heard complaint locally that share issues on the stock exchange during the past few years were under-priced. This often led to mas-sive oversubscriptions, and substantial stagging profits for those who received allotments.

Since Mr Robert Fell took over as chief executive of the exchange earlier this year it has been made clear that pricing of new share issues is now left to companies and their financial advisers, and that the Stock Exchange listings com-mittee has no say in the mat-

It is also understood that consideration is being given at the Stock Exchange to abolish-ing the traditional queue sys-tem for flotations, under which companies seeking a listing had to seek a place in the queue. This led to a situation where companies jostled competitively in order to secure a time slot for share flotations.

Protests paralyse towns in Burma

By Richard Gourlay in Bangkok

RANGOON and towns throughont Burma remained paralysed yesterday as pro-tests against the Government of President Sein Lwin showed no sign of dying down despite four days of brutal military suppression, diplomats in Ran-goon and returning tourists in Bangkok said.

The army continued sporadically shooting into crowds of protesters, who are demanding protesters, who are demanding democracy and cuts in rice prices, and in one case two girls were bayonetted, a diplomat said on Wednesday night. According to official reports, more than 80 mostly unarmed people have died, and 1,500 have been arrested as trouble has flared in 26 towns.

has flared in 26 towns throughout Burms in unco-or-dinated rejection of a genera-tion of antocratic military

Diplomats estimate that the casualties could be much higher in Rangoon alone and said truck loads of protestors are being taken out of the city by the army. Burmese officials broadcast pleas on state owned radio for the public to resist the efforts of "rowdies" who they said were trying to bring down the Government.

UN acts on Western Sahara war Francis Ghilès reports on the prospects for peace in the Maghreb

EGIONAL REALITIES, domestic pressures, and an ingenious diplomatic compromise may be combining to break the deadlock in the 13-year war over Western

Since 1975 Algeria, the main backer of the Polisario Front, which is seeking the territory's independence, and Morocco, which has claimed it as an integral part of the Kingdom, have been at loggerheads over the future of the former Spanish colony. Western Sahara's two most important assets are large phosphate deposits at Bn Craa, and rich fishing grounds off its Atlantic shore.

Both Algeria and Morocco are today increasingly preoccu-pied on the home front. The two Governments are commit-ted to radical structural reforms of their economies, and managing heavy foreign debt - \$18.5hn for Morocco, \$21-22bn for Algeria.

Over the past few days the UN Secretary General, Mr Javier Perez de Cuellar, has been attempting to break the deadlock with a compromise calling for a ceasefire and ref-erendum of the citizens of the Western Sahara, including those living in refugee camps.

The first issue they must address is what question, or questions, are going to ha asked in the referendum. Uotil recently, the Moroccans bad insisted that wbatever the A formal proposal was pres ented yesterday in New York to Mr Abdellatif Fillali, the Moroccan Minister of Foreign Affairs, and to senior represenquestion, the answer must pro-

tatives of the Polisario Front. Moch diplomatic groundwork

has already been done. The resumption of diplomatic rela-tions between Algeria and

Morocco three months ago was followed by two weeks of direct.

negotiations in the Saudi city of Jeddah last month. A Moroc-

can delegation, which included a member of King Hassan's family, met senior members of

seeking a settlement.

vide recognition that the terri-tory was a legitimate part of the Kingdom. Polisario countered by insisting that whatever the question the only acceptable outcome would be independence. Over 70 countries already recognise the Saharan Arab Democratic Republic, proclaimed in February 1976.

It now appears that a question proposing autonomy under the Moroccan crown could provide an answer to sat-isfy both sides.

The conditions under which

a referendum would be held has proved a second bone of contention. The Moroccans have, until recently, refused to withdraw any of their 100,000 troops from Western Sahara. It now seems they might be pre-pared to take at least half, if not three quarters of that num-ber out and consign the remainder to barracks. The Moroccan administration would remain, but a 2,000-strong UN peace force would monitor the run-up to the ref-erendum planned for some time next year.

If agreement on both these

Polisario in a move which suggests that the three parties to this conflict are genuinely points is reached, the third bone of contention — exactly who is a genuine Sahraoui — becomes less important. Any visitor to the Province du Sud. as the Moroccans call the West Sahara, discovers thet many of the locals boast a distinctly northern Moroccan accent. And the Polisario camps, which officially hold 170,000, have been swollen by truck-loads of drought-stricken Tua-reg nomads from neighbouring

The cost of the Western Sabaran conflict, especially for Morocco, is clearly proving increasingly burdeosome for the two leading powers in the Maghreb. Saudi Arabia has given billions of dollars to King Hassan to help him buy US and French weapons over the years but is now pressing the years, but is now pressing tha ruler of Islam's most western lands to reach a settle-

Mr Chadli Bendjedid, the Algerian head of state, for his part, is engaged in a major effort to liberalise and restructure his country's economy, at a time when its foreign income, derived from oil and natural gas, has balved in two years. Although anxious to ensure an honourable settlement, he does not share the zeal of bis predecessor, Mr Houari Boumedienne, in want-ing to be seen fighting injus-tice wherever it existed.

It may well turn out that what the Maghreb states have in commoo - namely fast-rising populations, a growing need for new jobs, the difficul-ties of external deht servicing, potential problems posed by Moslem fundamentalism aloogside growing domestic pressures for greater freedom of expression - will help resolve the issue which for so long has divided two of its members.

Gadaffi offers to pay West Bank salaries

By Andrew Whitley in Jerusalem and Tony Walker In

COLONEL Musmmer Gadaffi, the Libyan leader, has offered to pay the salaries of some 20,000 former Jordanian Government employees laid off last

Libyan proposal, saying "we have the responsibility in these territories. We are in charge and the inhabitants are under

Meanwhile, the Jordanian direct responsibility for

time in halting payments to its former employees in the West Bank and on development pro-jects in the Israeli-occupied

week, after King Hussein of Jordan severed administrative and legal ties with the Israeli-occupied territories.

Col Gadaffi said in an interview with Radio Monte Carlo that "Libya announces through region. Mr. Midhat Cana'an, senior

that "Libya announces inrough connected with the scrapped your radio station that it will take the responsibility of paying the salaries." Col Gadaffi estimated the cost would amount to about \$1m a month.

The Israeli Government the Liberation Organisation delegation to Amman that will be led by Aby Moran a month. be led by Abu Mazem, a mem-ber of the PLO Executive Com-ittee. The visit will provide the first opportunity for compretur auspices, and we are tak-ing care of them as we have for dan since the King announced 21 years. The state of the was yielding Government has wasted little West Bank to the PLO.

"Not **Eastenders** again."

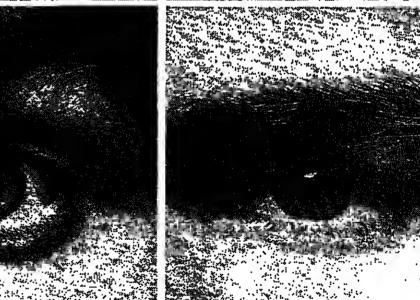






"Could you move me to the window. It's a beautiful

think Spurs



"Does he think I'm stupid!"

Fiji urged to start economic reform

FLITS republican rulers should undertake a drastic pro-gramme of deregulation and privatisation and guarantee sic civil and economic rights if their racially-torn country is to avoid economic failure, according to new study pub-

The study*, by three Australian academics, offers the most detailed analysis of the Fijian economy since tha South Pacific archipelago underwent two military coups and five changes of government in the

space of six months last year.
The first coup, in May 1987,
followed the April election victory of an Indian-dominated multiracial coalition over the ethnic Fijian government led by Ratu Sir Kamisese Mara. By November the man behind the coups, Brig Sitiveni Rabuka, had re-installed Ratu Mara, as leader of a republican Fiji with-

According to the Australian study, real per capita incomes in Fiji fell by 13 per cent in 1987 and will fall again this year. Unemployment could reach 20 per cent by the end of 1988. The annual inflation rate is 20 per cent. Capital flight is put at F\$120m (£49m) a year, despite controls, and the authors say there is a danger Fiji's foreign loans will have to be rescheduled. The dramatic contraction in

living standards is described as-comparable to that seen in Europe between 1938 and 1946. and the authors urge Australia to initiate a three-to-five-year Marshall Plan in which aid for reconstruction is made conditional on specific policy reforms and is then phased

Tha plan's aim, they say, individual initiative and self-heip, and to replace Fifi's post-colonial structure of cen-

Chris Sherwell reports on the recommendations of an Australian

tral government planning, of and of high public sector employment, over-regulation

and patronage.

Their lengthy catalogue of proposed changes includes an end to import and export licencing and tariff protection, a sell-off of government enter-prises and educational institu-tions, deregulation in the financial sector and of wagefixing, and – perhaps most controversial – the commerci-alisation of the use of traditional (meaning ethnic Fijian owned) lands.

Behind these proposals lies the authors' belief that the tur-moil of 1987 has its roots less ethnic Fijians and Indians than in the country's poor economic

over many years.

The way forward, the authors maintain, is a move into the modern world, the promotion of self-reliance among ethnic Fijians and an attemp to ensure all Fijians get starting opportunities that are as equal as is feasible.

as equal as is feasible.
"If indigenous Fijians use
political control to obtain preferment by intervention and positive discrimination in a big and inefficient state sector, the long-term prospects are that there will be more racial ten-sion and long-term economic decline," the authors declare.

*Fiji: Opportunity from Adversity? by Prof Wolfgang Kasper, Dr Jeff Bennett and Prof Richard Blandy (Centre for Independent Study

Some days Michael doesn't stop talking.

Michael is so disabled with cerebral palsy he can only move his eyes.

He communicates by indicating symbols on a special chart which a skilled helper translates on his behalf.

He depends on other people to be his arms, legs and voice.

But he doesn't depend on them for his opinions, beliefs or tastes.

The Spastics Society is teaching him to

use a word processor specially developed for people who can only move their eyes.

One day he may be able to produce a few words an hour.

His own words.

ADDRESS ' 3 TAUOMA Japan advertiser threatened

A RIGHT-WING Japanasa group yesterday claimed bility for an incident in which a shot was fired et the home of Mr Hiromasa Ezoe, who recently resigned as chair-man of Recruit, a company,

scandal, Stefan Wagstyl writes It appears the attack was Mr Ezoe's company is a big advertiser in Asabi Shimbun, a leading liberal newspaper. The Army of Red Patriots is believed by police to have claimed responsibility for four recent attacks on Asahi staff and offices. No one has been FOR HELP INFORMATION OR TO MAKE A DONATION WRITE TO THE SPASTICS SOCIETY AT 12 PARK CRESCENT, LONDON WIN 4EQ. TEL: (01)-636 5020. POSTCODE

THE SPASTICS SOCIET

Opening minds by opening doors.

US limits troop outlay in message to Nato allies

THE US Senate yesterday approved new restrictions on spending for American troops overseas as a message to US the total of American dependents stationed overseas with servicemen.

There has been an increasallies in Japan and Europe to do more for allied defence, AP reports from Washington.

The decision came as the Senate tried to finish a defence bill that President Ronald Reagan will sign, the main item on its agenda before a summer recess for next week's Republican presidential convention.

The Senate gave voice vote approval to a "burden sharing" proposal backed by Democratic Senator Sam Nunn, chairman of the Armed Services Commit-

tee.
The plan orders a major review by the Defence Department of US overseas commitments, a new limit on US troop deployments to Japan and South Korea, and a new ceiling on spending for US military personnel etationed overseas. US allies would have to pay for the American troops if the costs rise above the 1988 levels. But hefore adopting the amendment, the Senate voted 59-36 to eliminate a provision for a 10 per cent reduction in There has been an increas-

ingly loud chorus of electionyear congressional calls for more defence help, particularly from Japan and European members of Nato.
"Despite the shift in economic fortunes" since the Second World War, "the US bears

a disproportionate share of the cost of the common defence." Mr Nunn said on Wednesday. "Someplace, sometime, we

have to draw the line," said MrNunn. "I bope this will stimulate a more equitable burdensharing.' Democrat Robert Byrd, who heads his party in the Senate, said, "There have been legiti-

mate complaints in the United States that we are bearing a disproportionately large burden in Nato today."

Earlier on Wednesday, the Senate voted to add a Defence Department spending plan praised by Mr Reagan to its latest defence budget effort. in addition, the chamber, with all Republicans voting no, voted 49-47 approval of a Democrat-hacked plan to provide \$27m in humanitarian aid to Nicaragua's Contra rebels after

The vote could mean a possible second vote in Congress this antumn on releasing \$16.3m in stockpiled weapons to the Contras, who oppose Nicaragua's left-wing San-

dinista Government.

Last week, President Reagan vetoed a bill which authorises the Pentagon hudget for the fiscal year starting on October

1. He specifically objected to
cuts in his hodget for Star Wars, the proposed space-based anti-missile system known for-mally as the Strategic Defence Initiative, and to Democrat-backed restrictions on arms

control policies.
President Reagan vetoed the defence bill despite the advice of Defence Secretary Frank Carlucci and National Security Adviser Colin Powell, who both said it should be signed. They were involved in earlier negotiations with congressio-nal leaders over the legislation.

A presidential veto sends a bill back to Congress, where it takes a two-thirds majority to

Republicans focus on Contra aid

THE Republican party has decided to make future aid to the Nicaraguan Contra rebels a big presidential election issue, it became clear yesterday.

After debate in the US Senate, the Republicans refused to join a Democrat-sponsored package to provide \$27m in non-lethal, humanitarian aid to the Contras and so the measure passed 49-47 on partisan

The proposal also included setting up a process wherehy Congress could release \$16.3m in stockpiled arms to the Contras later this year. A bipartisan Senate vote may have

By David Gardner In Mexico City

yesterday began negotiations

blunted Contra aid as an elec-

The Republicans, egged on by the White House, claimed that the package was not satis-factory and should have provided immediate military support to the Contras. whose forces are beginning to break

apart in Nicaragua.
The Senate Majority leader
Mr Robert Byrd said he had tried to fashion a blpartisan package in good faith. "You can inscribe your name in blood on a shaft of marble and they still won't believe you, he said, adding that he was "sick and tired of a White House with no steel in its

The Pact, due to run out at.

Such language from Senator Byrd, 70, is unusual. He is due to step down as majority leader this year, and one reason is that Democrats think he is too

mild in front of the TV cam-

But the White House reckons it has an issue. Republicans can cry "Democrat sell-out" and they can try to exploit the divisions on Contra aid within the Democratic party and the presidential ticket – where Governor Michael Dukakis opposes any form of Contra aid while his running mate, Senator Lloyd Bentsen of Texas;

eral Omar Torrijos.

His political views were erratic and at times racist (he Mexico anti-inflation pact under pressure Consumer prices have, however, risen well ahead of wages, which have fallen by over a third in real terms since



Arnulfo Arias Madrid: three times deposed

Panama's 'cheated' president dies in exile

By Robert Graham, Latin America Editor

THE Panamanian authorities yesterday declared eight days of mourning following the death of the 86-year-old former president, Dr Arnulfo Arias Madrid.

Dr Arias died in exile in Miami still nurturing ambi-tions of returning to Panama as president. He claimed he was cheated

of victory in the 1984 elections by the Defence Forces, whose candidate, Mr Nicolas Ardito him to leave the country, establishing a base in Miami from where he has been a hitter and ontspoken opponent of General Mannel Antonio Noriega, commander of the 15,000 strong Defence Forces. He first became president in 1940-41 but was ousted at US instigation because of his pro-Nazi views. He was president again from 1949-51 before being forced out by the military. Elected once more in 1968, he lasted only 11 days, giving way to the military government of the late Gen-

once called for the deportation of blacks), and his charisma led to a popular following among a cross-section of Panamanian society. He was a familiar and latterly paternal-istic figure in dark glasses and

Brazilian Finance Minister returns fire in spending row

By Ivo Dawnay In Rio de Janeiro

MR MAILSON de Nobrega, the Brazilian Finance Minister, has counter-attacked in his clash with fellow ministers over their failure to restrain public sector pay rises.
In a symbolic gesture, he has

ordered an audit of state com-panies to determine which have allowed unauthorised pay The move is being viewed in

Brasilia as directly aimed at Mr Antonio Carlos Magallaces, the Communications Minister. His decision to grant a 35 per

cent salary rise for post and telecommunications workers this week provoked widespread reports that Mr da Nobresa was close to resigning in pro-

rest.

President Jose Sarney attempted to defuse the pay row on Wednesday by both reaffirming his confidence in Mr da Nobrega and signing a decree law authorising the payment of a salary rise, frozen in April, to all public sector work-

ily defused the dispute, the ing tensions in the Govern-ment between the economics ministers, currently stiempt-

But, while this has temporar-

ing to impose sufferity mea-sures, and others determined to defend their sectorial inter-BRAZIL'S constitutional

assembly has resumed debat-ing the final draft of the new document after succeeding in re-establishing the 290-vote quorum needed to allow voting to be completed.

Troops to be deployed in Chile poll

in charge of maintaining pubing presidential plebiscite, ten-tatively scheduled for early October, said Defence Minister Patricio Carvaial.

The commanders of the navy, air force, and national police, along with General

CHILE'S ARMED forces will be Augusto Pinochet, the coun-Augusto Pinocnet, the country's leader, will meet on August 30 to choose the plebiscite's single candidate, who will run in a yes or no election. If this candidate – who could be General Pinochet himself – wire harmans of the country of the count self - wins, he will serve for an eight year presidential term, beginning in March of next year. If he loses, General Pin-

ochet would remain in office; another year, when open presi-dential elections would be

Admiral Carvajal said that the military will be placed on alert three days before the plebiscite, and on the day of the voting will stand guard as ballots are counted.

Ecuador's new President plans emergency economic package

By Sarita Kendall in Quito

ECUADOR'S newly-installed Social Democratic President, Mr Rodrigo Borja, is planning an emergency economic pro-gramme and is holding talks on a Latin America debt initia-

in his inaugural speech on Wednesday, before many inter-national figures - including seven heads of state - he said Ecuador was suffering its most serious economic, social and moral crisis.

The 53-year-old President said Ecuador's golden oil era, with inflated public and pri-vate spending habits, was over. But he said risk contracts for oil exploration signed with for-eign oil companies under the last government would be

respected.
Stressing that Latin America's foreign debt was a political problem as well as a financial one, Mr Borja said imaginative, unconventional solutions were needed. He is discussing the possibility of a corruption, he said honesty

joint position on deht with had become a luxury, and other Latin American leaders. had become a luxury, and called on all Ecuadorians to Ecuador stopped paying interest on commercial debt at the beginning of 1987, and negotia-tions on rescheduling did not lead to a new agreement. The new economic team

includes Mr Abelardo Pachano, who has considerable experience in debt problems and external economic policy, as head of the monetary board. Mr Pachano said negotiations with Ecuador's creditors would be slow and difficult, but he hoped a long-lasting agreement could be reached. An economic package with stabilisation as the priority is expected shortly. Mr Borja was careful to point out that he had no magic

conomic formulas and stability would have to preceda revival of the economy. He promised growth, evenly dis-tributed, as well as policies to create jobs and clear rules for foreign investors. Attacking

work together to find solutions for the country's problems.

Mr Borja met Mr George
Shultz, US Secretary of State,

Shuitz, US Secretary of State, for discussions on foreign debt, drug trafficking and terrorism. Although his predecessor was a staunch US supporter, the new President has promised an independent foreign policy. He has restored diplomatic relations with Microsoft matic relations with Nicaragua and yesterday welcomed Mr Daniel Ortega, the Sandinista

Tim Coone adds from Managua: While he is in Quito, Mr Ortega is expected to participate in what is effectively a mini-summit of Latin Ameri-

The Nicaraguan Foreign Minister, Mr Miguel d'Escoto, said his Government was seeking Latin American support for Nicaraguan initiatives to revive the peace efforts in Cen-tral America.

Car sales boost US retail sales

By Lionel Berner in Washington.

US RETAIL sales rose 6.5 per cent in July, mainly due to strong our sales, according to a Commerce Department report released yesterday.

Excluding our sales, retail sales rose by 9.1 per cent only, a softness which is not reflected in other chiefs in our which show that the 13 according to still growing. scopomy is still growing

on Tuesday, the Federal On Tuesday, the manager of the least the less discount rate from the less discount rate from the less to 6.5 per cent. The move led to yesterday's rise in the prime rate to 10 per cent.

from 9.5 per cent.

The July Increase — still subject to revision — was inline with most suspectations. It followed a revised

intions. It followed a revised rise of 0.4 per cent in June and a revised 0.5 per cent in June and a revised 0.5 per cent in May rise at 0.5 per cent and the lunc increase at 0.5 per cent and the May rise at 0.5 per cent.

Mr Allen Sinal, the chief economist at Roston Co, in New York, said, the fundamentals for consumer spending remain strong. "You literally have to chub American consumers over the head to stop

sumers over the head to stop them from spending," he said. For the seven months of this year, sales were 6.5 per cens above the period 2 year ago. Sales of all durable goods (those intended to last three or more years) rose \$335m, or 0.7 per cent, in July after a June sales of non durable goods

rose \$397m, or 0.4 per cent, in July to \$89bm after a 0.3 per cent gain in June. Sales of building materials fell 1.8 per cent in July after falling 0.9 per cent in June.

Argentina loan By Gary Mead in Buenos Aires

A World Bank delegation currently in Buenos Aires has approved a \$200m loan to Argenting intended for reform of the financial sector. According to Mr Jose Machi-

nes, the president of Argen-tine's central bank, the loan will be dishursed "in the next few days."

WORLD TRADE NEWS

New Delhi gives go-ahead for VCR production

THE MEXICAN Government grant significant wage rises.

with trade unions aimed at the end of this month, has suc-renewing the anti-inflation ceeded in bringing down infla-tion from a monthly rate of

is facing strong pressure to 15.5 per cent in January to 1.7

INDIA is to begin large-scale negotiating with Hitachi of production of video cassette recorders (VCRs) under a programme expected to boost the electronics Trade and Technology Development Corelectronic components indus-

try sharply.
The Government yesterday said it would let three privatesector companies go ahead making VCRs up to a com-bined ceiling of 900,000 units a year. Negotiations are also under way for a fourth, public-sector plant, which officials say would provide the competition to force the private compa-nies to hold down their prices. India has allowed itself to fall behind VCR production in Asia because of the Government'e reluctance to license the use of foreign exchange on imported components for con-sumer goods. Domestic production is currently insignificant. Official sentiment has now changed, because of the explosion of demand - as reflected in the growing numbers of for-eign VCRs brought into the country by indians returning home – and the expected rapid growth of TV production in

coming years.

The three companies granted letters of intent by the Govern-mant to make 300,000 units each a year are British Physi-cal Laboratories (BPL), which is India's largest maker of colour televisions and which already has a joint venture with Sanyo of Japan for VCR manufacture; Videocon, which has links with Toshiba; and

Bharat Forge. able for VCRs and other c The public-sector groups still sumer electronics products.

Takeshita will sign the agreement in Peking this month, the official International Business

gre the Electronics Trade and Technology Development Cor-poration Corporation (ETand T) and the Electronics Corporation of India (ECIL). Mr K.P.P Nambiar, Secretary of the Electronics Department, said yesterday that the market

for VCRs in India was about 2m units a year. Some 20m Indians own TV sets and domestic output of colour TVs is scheduled to rise to 5m a year by 1995. year by 1995. The new domestic producers will benefit from a ban on fin-ished imported VCR sets. Indi-

ans bringing VCR sets into the country now pay duty of 250 per cent above an initial exempt level of Rs500 (£20). BPL now makes 2,000 VCRs a year under an earlier licence, which retail for about Rs14,000,

including tax. Mr Nambiar said the Government expected domestically-produced VCRs to be sold for about Rs8,000 and competition would help enforce Over five years the Govern-ment expects the imported content of each unit to drop from

Rs3,200 a unit to Rs400. Mr Nambiar called the decision to so ahead with VCR production a major step hecause of the boost it would give to electron-ics component manufacture. The Government now wants to encourage Indian groups to move into the manufacture of bipolar integrated circuits suitable for VCRs and other con-

ment in China.

A Western diplomat said

Japan-China investment pact

JAPAN and China have agreed on an investment protection treaty after seven years of talks, Renter reports from panies registered in third countries as companies of the third country, it said.

The absence of such a treaty has been a big reason for the low level of Japanese invest-

newspaper said.

Tokyo had not been encourag-It said China had agreed to treat Japanese investors as ing Japanese companies to invest in China.

"This attitude has changed completely," he said. "It was because of the very sharp Chinese companies as regards domestic sales and fund-raising, with free remittance of foreign exchange subject to legal appreciation of the restrictions. China has also in the renminbi. appreciation of the yen and fall

threatens Canadian sanctions By Ivo Dawnay

BRAZIL IS threatening trade sanctions against Canada'a annual exports of \$200m in sulphur, potash and coal if Ottawa refuses further concessions over long-disputed Bra-

zingn textile quotas.

Three rounds of negotiations between the two countries over the sales of sheets, pillow cases and towelling to Canada have failed to resolve Brazilians' objections that they are being unfairly treated.

(£89m) telecommunications satellite system.

imperative in a country of more than 18,000 islands in an

Foster for Sweden

Wood reports.
Foster's is to be hrewed under license by AB Pripps, Sweden's biggest brewer, the first time the lager has been brewed on the Continent.

Loan for Turkey

Japan's Export-Import Bank has signed a \$400m loan agreement with Turkey, the first such loan to be provided on a programme rather than a proj-ect-related basis under the country's scheme for recycling \$20bn to developing countries, The bank said the funds would be made available on an untied basis to finance general import requirements and to support Turkey's plans to restructure its financial sector.

Brazil

in Rio de Janeiro

zilian textile quotas.

being unfairly treated.
Failure to settle the dispute
could now jeopardise Canada'e
hopes of selling Brazil a \$150m

\$4bn telephone plan Indonesia has unveiled a 3.5bn privatisation plan to develop its telecommunica-tions sector, almost doubling the number of telephones by

1994, writes John Murray
Brown in Jakarta.
The plan will be funded by
both World Bank and the
Asian Development Bank soft
loans, and private contractors using foreign export credits. Improved telecommunica tions is seen as a strategic area wider then the US.

A further step in the globalisa-tion of Foster's, the Australian lager owned by Elders IXL, was announced yesterday, Lisa

East and West grope for barter accord Judy Dempsey in Vienna reports on efforts to improve economic co-operation

brighten in the autumn, if Western and East bloc diplo-mats agree on an important economic co-operation docu-For nearly two years, a review meeting of the Confer-

ence on Security and Co-opera-tion in Europe (CSCE) has sat in Vienna trying to reach con-sensus. But a key obstacle to agreement is the establishment of ground rules for compensation trade, the more accentable term for barter or counter-

Tha work of the CSCE, whose participating countries include, with the exception of Albania, all the countries of Eastern and Western Europe, the Soviet Union, the US and Canada, is divided into three baskets.

in the past, attention has tended to focus on basket one, military and security matters and on hasket three, which includes bumanitarian issues. But for Western businessmen and, indeed, for Soviet leader Mr Mikhail Gorbachev's bold economic reforms, basket two is becoming a highly sensi-tive and important issue. Its main aim is to improve trade and economic co-operation between East and West. But, in recent months, Rast and West have become bogged down. In previous CSCE meetings, compensation trade was men-tioned only in passing. Neither the Soviet Union nor its East

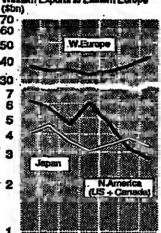
HE PROSPECTS for European allies wished to dis-improving East-West cuss it. But in Vienna, partly trade could significantly because of feed-back from Western European Eastern European Western husinessmen and partly to create a "fairer mar-ket", the West is now insisting tly to create a "lairer mar70 to the West is now insisting 60 that Western managers trading with the East Bloc should be 50

given some formal say about '40 how they will be paid. The nightmare of any Western entrepreneur is to sign a contract with an East European enterprise not knowing what form the compensation trade will take. A British com-pany was paid by a Bulgarian enterprise a few years ago with an unspecified number of taps. Western diplomats in Vienna are now suggesting that "proposals for compensation transactions be addressed at the beginning of negotiations, and when agreed upon, dealt with

in a flexible way."

In practice, this would mean that the Western partner, if he agreed to be paid in compensation goods, would at least be given the opportunity to choose from a list of goods he was prepared to take.

As Western husinessmen never tire of pointing out, it is often the case that the goods they get are well below world market standards, so they have to find a middleman who will dispose of the goods
"I don't think you realise how much time I spend sorting out the middlemen. They are crucial. They know the markets for my countertrade goods. Of course they extract a hefty price but do I really want



85

1981 83

87 E.Europe :- Czechoslovskie, GDR, Hungary, Poland and Romenia

to be stuck with 40,000 outsized Czech mens' hats?" a business-woman once remarked. Figures are difficult to come by when trying to assess what percentage of Eastern Europe's foreign trade is paid for through compensation goods.

A study carried out in the mid-1980s by the UN Economic Commission for Europe (ECE), based in Geneva, showed that about 25 per cent of exports by the individual East European countries, including the Soviet Union, were concluded through

W.Europe 70 60 50 40 1 30 C

Western Imports from Eastern Europe (\$bn)

1981 83 . 85

and statistics.

Source : ECE Economic Survey 1987/8 Published June 1985 Western delegations in Vienna seem adamant about fighting for more up-to-date macroeconomic information

> "It goes even further. What we want is a situation where Western businessmen can go to the enterprise without the heavy hand of bureaucracy and make his own contacts and contracts with the factory manager. In a nntshell, we want better working and mar-keting conditions," a Western diplomat explained, adding: "Above all, we want statistics of a meaningful kind."

Such a proposal has divided the Warsaw Pact countries. Hungary, followed by Poland, seems the most open and eager to offer figures and statistics to most Western husinessmen. Czechoslovakia and Bulgaria lag behind. Rast Germany and Romania seam to shudder at the thought.

One of the more common ways of attracting (Western) foreign investment is through joint ventures. Western diplomats at the Vienna meeting now reckon that Mr Gorba-chev's reforms will improve conditions in this area.

The expansion of joint ventures suits both East and West. But Western delegations at Vienna are saying that the actual conditions should be made more attractive. It may seem a rather ambitious aim, but in the long term, the West hopes for joint ventures which give Western investors fairer working conditions and a more secure legal status.

These would include oppor-tunities to do market research, train the labour force, negoti-ate costs, consider insurance schemes and be able to choose what to do with the the profits.
This last point inevitably

raises the question of convert-faility, which does not exist in any East European country. Western diplomats realise western diplomate realisa-their expectations are bigh. They equally realisa that East-West trade needs a formal structure upon which trade can actually improve, if not

Indian clothing industry faces challenge on quotas

By Alice Rawsthorn

THE chief challenge for the Indian clothing industry, which has experienced rapid export growth in recent years, is to overcome the problems posed by the international quota system, according to a report by the Economist Intellireport by the aconomist mean-gence Unit (EIU)*.

In the past decade Indian clothing companies have seen their overseas sales increase almost eight-fold to Rs20.3bm (£956m). But the industry has

now reached the ceiling of its export quotas to the US and Europe, negotiated under the Multi-Fibre Arrangement, and

began by exporting to Africa and the Soviet Union and have since developed significant markets in the US and Europe. There are now over 8,000 manufacturers, concentrated in Delhi, Bombay and Madras. Some companies have transferred production to neighbour refred production to neighbouring countries such as Nepal.
Sri Lanka and Bangladesh. But
the EIU argues that quota
restrictions are preventing
them from competing freely in
the international market.

The airline, one of the world's biggest charter operators, now files to the Mediterranean, the Canary Islands, Scandinavia, the Middle East, West Africa and the Soviet "India's apparel export indus-try" by Sri Ram Khanna; Tex-tile Outlook International, EIU, its growth may be curtailed. PO Box 1DW, 40 Duke Street.
The clothing companies London W1A 1DW; £50.

UK charter flights to Australia By Chris Sherwell in Sydney AUSTRALIA HAS given Britannia Airways, part of the International Thomson travel group, the go-ahead to operate weekly charter flights "down under" during the forthcoming southern summer. long-haul destination, and fol-lows the Canberra Govern-

Britannia's permit allows it to operate a weekly Boeing 767 service from the UK to Perth in Western Australia and Cairns in north Queensland alter-nately, for 20 weeks starting in

Australia will be its first

ment's efforts to promote inbound tourism through charter operations Tickets will be available and on sale only in the UK. Up to 5,000 extra British visitors will

result, most on package deals of several weeks duration. of several weeks' duration.

Capitalising on its decision.

Canberra said yesterday its

"very liberal position" on the
charter programme stood "in
marked contrast" to that of the
British Government, which "iscontinuing to block expansion
opportunities" for Quitas, the
state-owned Australian international carrier.

This was a reference to a

This was a reference to a traffic, and that Quanta continuing dispute between bave the same rights.

the two governments over air rights to Hong Kong. Cantas has long been seeking greater access to the British colony, and a chance to fly beyond it.

Negotiations have been guing on for about two years, and are due to resume in October. Cantas currently operates a daily flight from the East Coast and a weekly flight from Perth, eight per week in all.

Canberta wants Cantas to have the opportunity to fly Australian-origin passengers on to North Ariz and Europe, it argues that Cathay Pacific, the Hong Kong carrier, is already offering this service to both Australian and European traffic, and that Cantas should

traffic, and that Center should

r sales

enting |@,

Total and

have to share any losses, said Mr Jordan.

The nows was generally wel-

comed yesterday by nearly 500 investors who packed the Central Hall, Westminster to hear

the progress report on the winding up of the UK fund.

arisen between investors over whether Cork Gully and Ernst

& Whinney, who are joint liq-uidators of BCI, should also be

appointed to handle the liqui-dation of BCGM. Several argued that this would create a

conflict of interest, since BCI

has an expected claim of £6m against BCGM.

This claim had earlier been put et £16m. However, £10m fed into BCI from the UK would probably be set against

this, reducing the size of BCI's

claim, said Mr Jordan. The joint liquidation was

finally approved after Mr Jor-dan assured the meeting that

The 11,000 investors in BCI

the 11,000 investors in BCs stand to lose a large proportion of the £138m they put into the offshore fund.

Mr Nigel Hamilton, of Ernst & Whinney, said after the creditors' meeting that his investi-

gations had not uncovered any "pots of gold" which would sig-

nificantly change the outlook for these investors.

pated, he said. These include unsecured loans to companies controlled by Mr Peter Clowes and loans to business associetes, many of which have been

disputed by the people who

received them.

Loans of more than £80m of BCI money, recorded in a book recovered by the liquidetors, were proving to be as difficult to recover as had been antici-

Earlier, a heated debate had

INVESTORS IN the UK arm of known how many of these will the collapsed Barlow Clowes investment management group could get back as much as 90p of every £1 they invested, it emerged at a creditors' meeting yesterday.

The news follows the scaling down of a £16m claim against the fund to £8m and the likely ending of an inland Revenue claim for hack taxes worth "several million pounds".

This emerged as Lord Young, Trade and Industry Secretary, deferred a decision on a lifeboat scheme for Barlow Clowes investors until the autumn publication of the report hy Sir Godfray Le Quesne, into the firm'e col-

lapse.
Mr Tony Blair, the Labour Party's spokesman on the City of London, had proposed the lifeboat to save investors seeking compensation from long ing compensation from long court proceedings. Lord Young sald, however, that he could not responsibly decide on the proposals until the Le Quesne report had been studied.

Mr Michael Jordan of Cork

Gnlly, who was yesterday eppointed joint liquidator of the UK fund, Barlow Clowes the UK lund, Bariow Clowes
Gilt Managers, said he hoped
that e "substantial" payment
would be made to investors
before Christmas.

He refused to be drawn on
the amount of the payment.

2014 14 the learn complexities

But if the legal complexities surrounding the case are sorted out hy October, as law-yers acting for Cork Gully yes-terday predicted, then the full amount could be paid out.

At the very least, investors can expect to receive about 50p in £1, assuming that claims against the fund have not been settled.

All investors will not receive the same amount, however. Some, who are unlucky enough to have had their money allo-cated to trust accounts from which money was diverted to Barlow Clowes International, the group's offshore fund, are likely to receive far less than

In all, there are 10 legally separate groups of BCGM investors and it is not yet

director after £2m inside deal

AN ASSOCIATE director of County NatWest WoodMac, the securities subsidiary of National Westminster bank, has been sacked for carrying out deals in Grand Metropolitan shares worth £2m on the basis of inside information. The transactions, which net-ted a £100,000 profit for CNW,

Bank sacks

mark a serious and embarrass-ing breech of the "Chinese walls", which are supposed to segregate the different depart-ments of the firm. The infor-mation was leaked from CNW's corporate finance department, which advises GrandMet, to Mr Russell Kean via CNW's broking arm. The conversation between the broker and Mr Kean, near Mr Kean's deak, is

thought to have been picked up by a tape recorder.

Mr Kean hought shout 400,000 shares in GrandMet at lunchtime on Monday, 20 minutes before the company announced that it was seeking a buyer for its Inter-Continen-tal Hotels group at a minimum price of £1.5bn.

conflicts would be dealt with by the two firms each repre-senting one side in any dis-The GrandMet share price shot up from 496p to 522p on the announcement. Before Mr Kean's deals, CNW had been "short" of about 200,000 shares which would have caused it to suffer a £50,000 loss when the share price rose. Instead, it recorded with a profit on its holding of about £50,000.

Mr Kean bought the shares from three or four other, rival market-making firms, one of which subsequently com-plained to CNW. The transac-tions, which were well above the normal market size of about 100,000 shares, were also noted and pursued by the Stock Exchange's market sur-veillance devices and the mat-ter is still under investigation. After the CNW management received and examined the complaints, it sacked Mr Kean and a junior assistant who was

Mr Clowes has signed over his personal assets, said yesterday to be worth less than £10m, to the liquidators.
Mr Hamilton said he did not working with him. Netional Westminster last night refused to disclose any details of the dismissals or the reasons behind it. However it is known to have been negotia ting the payment of compensa-tion to the other market-mak-ers who sold the shares,

BANK OF ENGLAND QUARTERLY BULLETIN

Growth may spur inflation risks

STRONG GROWTH could lead to higher inflation while the strength of the dollar may slow the reduction in world trade balances, the Bank of England, says in its quarterly bulletin released yesterday.

It paints a picture of buoyant activity and growth rates exceeding expectations, but there are some signs of a slow-

Fast growth will lead to falls Fast growth will lead to falls in unemployment and ease the debt problem in developing countries, it says. However it may intensify other problems.

The Bank gives e warning that rising prices for non-oil commodities will add to inflationary pressures. This could be exacerbated by tight labour markets and high levels of markets and high levels of capacity usage - particularly in North America and the UK. The recent decline in the US trade deficit has been helpful and it has improved at a faster rate than before.

However, the fall could have encouraged over-optimistic expectations – leading to a higher level for the dollar. GNP/GDP GROWTH IN OVERSEAS ECONOMIES 1986 1987 Q1 Q2 Q3 Q4 1988 Q1 4.6 5.0 2,8 82 45 3.5 3.2 5.1

This, it says, "may slow the reduction in global imbalances that appears to be under way

Total

The Bank devotes a special section to the rise in commod-ity prices since the beginning of last year and the accelera-tion from the beginning of 1988. The fastest increases has been in metal prices. Supply factors have contrib-

uted to this upswing, but the strength of industrial produc-tion and growing demand from

It says: "These moves will contribute to the containment of inflationary pressures, and growth in the major overseas economies may be rather less rapid in the second half of the 8.4 3.7

newly-industrialising economists have become a more The Bank believes the balance of payments prospects and debt-servicing espablity of many heavily-indebted develmists have become a more powerful influence.
Whether more expensive raw material costs feeds into consumer prices depends on the willingness and ability of companies to reduce profit hargins. The Bank suggest the strength of profits and the oping countries have improved. Contributing factors include the unexpected strength of activity in industri-alised countries and the recov-ery of non-oil commodity counter-inflationary policies prices after falls during most of the 1980s. Minduetrialised countries may limit the extent to which com-modity prices rises can be passed on to consumers.

Quarterly Bulletin, August 1988. Economics Division, Bank of England, London ECIR SAH.

The bulletin notes that the concern of Governments has

shifted "from sustaining

growth to restraining infla-tion." Monetary authorities in most major countries have adopted a more cautious policy stance, partly reversing the deliberate easing after Octo-ber's world-wide stockmarket crashes.

Brake required on British economy

24 3.2

THE BRITISH economy needs to slow down if a more balanced and even rate of growth is to be achieved. At the same time there are worrying signs that inflation is picking up, the Rank says in its review of the

UK economy.
The Bank is clearly more comfortable with the present mix of interest rates and exchange rates in Britain which it believes, on balance, is sufficient to damp down inflation and lead to the necessary slowing in demand.

But the Bulletin underlines the Bank's belief that high

interest rates and a strong pound are necessary for the process of adjustment. There may be signs of a slowing in output, but the Bank points out that there is little indication that the rate of

growth in domestic demand is moderating. Moreover, infla-tionary pressures in the UK have intensified in the past few months.

Problems with the accuracy of official statistics make judgments about a slowdown in output difficult, but the indica-tions are that there has been

some slowing relative to the the high rates of output in the the high rates of output and second half of 1987.

The Bank devotes a lot of time to the discussion of inflation. It explains the rise in the interest of the second of th

cent annual rate to 4.6 per cent yearly rise in June as a func-tion largely of Budget-induced price increases and higher eosts for public utilities.
Its concerns are, however, longer term. Over the past

quarter there has been a grow-ing tendency for Britain to import inflation. World com-modity prices heve risen sharply and this may have a "significant upward effect on "significant upwaru enco-infletion in the coming

House prices continued to grow rapidly over the past three months and earnings are growing strongly, the Bank says. In the second quarter of this year house prices were ris-ing at an annual rate of 22.3 per cent, compared with 14.6 per cent in the year to the second quarter of 1987.

Wage settlements in manufacturing also edged up over the period, averaging 6 per cent in the first quarter com-pared with 5.5 per cent in the fourth quarter of 1967.

The Bank says that the need

to recruit or retain labour seems to have become an increasingly important influence in pay bargaining, while the health of company finances has allowed the wage bill to rice.
The Bank is, however, clearly concerned with the trend in pay settlements and

GDP Growth in the UK (1980 - 100) Output income Expenditure

ity, costs and inflation, the high growth rate in earnings poses if the economy should begin to slow down.
It points out that the underlying growth in earnings for the whole economy rose at an anatural acts of \$16 are cost in costs.

1979 81 83 85 87

annual rate of 8% per cent in May - or around 7% per cent adjusted for overtime pay-ments and bonuses.

Reflecting the growth in sarnings, the growth in unit labour costs (wages and salaries per unit of output) rose by an animal rate of 6 per cent in the first quarter compared-with an annual rate of 4% per cent in the fourth quarter of

The Bank believes that part of the rapid growth a track trough in February of a 3.3 per the implications for productiv- tivity over the past year has of the deterioration.

been cyclical in nature. If it has been cyclical and above long-term trends it should,

begin to fall as the growth in output moderates. "It might also be expected, however, that producers would be alert to the consequences of such a deterioration and that their willingness to accede to wage demands would be influ-enced by it, so that unit labour costs would not feel the full impact." The Bank remains agnostic over the apparent tecovery in the savings ratio. It believes the increase in the recorded savings ration from 4% per cent in the last half of 1987 to around 5% per cent reflects mainly a sharp rise in company dividend payments "saved" by the life assurance and pension funds.

It sees little evidence of a recovery in the household savings ratio, although the recent rises in mortgage interest rates may contribute, over

time, to an improvement
The Bank does not appear to
be unduely worried by the
deterioration in Britain's trade
this year, it attributes the widening trade gap to excessive domestic demand and not the inability of British industry to compete in international mar-kets. It also believes that the official figures for Britain's trade are unreliable and likely

AIG raises stake in **Kleinwort** Benson

AMERICAN International Group, a leading US insurance company, has increased its stake in Kleinwort Benson Group, the UK merchant bank-ing business, to 6.05 per cent. The US group said there was absolutely no possibility it would bid for Kleinwort.

Mr David Peake, Kleinwort's chairman, said yesterday he would begin to worry if anyone acquired more than 10 per cent of the bank, but added that Kleinwort was very happy to have AIG as a long-term share-

"We expected they would increase their stake slightly. They may go a little bit higher, but we both understand the dangers of a stake getting out of proportion," he said.

AIG first acquired a 5.3 per cent holding in Kleinwort in May, saying it thought Klein-wort's shares were underval-ued and that it had confidence in the group's management

Mr Nigel Webber of Pine Street Investments, AIG's UK subsidiary, said yesterday. "Nothing has changed. We were offered a substantial line of shares and we took it."

Pine Street bought 1m shares on AIG's behalf on Wednesday at a total cost of about 23.8m. Yesterday, Klein-wort's shares rose 5p to close

Since 1967 AIG's chairman has been Mr Maurice "Flank" Greenberg, an abrasive New Yorker reputed to be one of the shrewdest operators in the property/casualty insurance business. The company has a large international presence and has recently taken to investing in British financial services companies, including unquoted start-up ventures.

Second building society scraps change in status

By David Barchard

LEEDS PERMANENT, the sixth-largest UK building society, said yesterday that it had decided against seeking public limited company status in the immediate future.

This is the second time a leading building society has drawn back from conversion group is owned by its deposi-

Halifax, the largest building society, two weeks ago shelved plane to convert in the near fixture.

Mr Mike Blackburn, Leeds' chief executive, said the deci-sion followed a review of business strategy undertaken with Hambros, the merchant bank. He said recent changes in He said recent changes in the law governing mutual soci-cies and the raising of the wholesale funding ceiling left the group with enough flexibi-ity to meet its business aims. However, Mr Blackhurn added: "We don't want to abut off any option for the huture."
Alliance & Leicester and
National & Provincial are the
only top societies still undecided about whether to shed

more substantial shortfall. Protection envisaged for overseas victims of fraud

know how this would be appor-tioned between investors in the

UK and international funds, although the latter faced a far

Crackdown planned on growth of cross-border fraud

DRAFT LEGISLATION to permit the prosecution in the UK of fraudsters who set up operations in Britain to defraud victims abroad is being drawn up by the Law Commis-sion, the Government's law reform body. Criminals who send out

invoices from London addresses to overseas businesses for entries in non-exis-tent internetional telex and facsimile directories, and those who telephone overseas investors, particularly expatriate workers in the Gulf, to persuade them to invest in bogus commodity funds, are among the chief targets of the pro-

posed legislation.

The move follows the publication last December of a con-cultation paper hy the Law Commission's criminal lew team which has yielded about 40 detailed comments from the police, lawyers, professors of law, and government depart-ments including the Crown Prosecution Service, According to the Commission, all except three or four have been strongly in favour of the eforms outlined, although the

TRAFALGAR House Property, the commercial and residential property group, is to redevelop the Paddington Basin in Lon-

don jointly with the British

Waterways Board.
The project, which could be worth £350m at present values.

will be one of the biggest prop-erty schemes in the West End

of London since the Second

The waterways board announced yesterday that

Trafalgar House had been cho-

sen as the developer in preference to Rosehaugh Stanhope

Developments and Speyhawk

Paddington Basin was the

terminus of the Grand Union

Canal in the 19th century. The

13-acre site next to Paddington

station is linked to the canal system of Little Venice in north London and is flanked by the A40, one of the main

routes into central London

has not been settled. Trafalgar House learned of its selection

The form of the joint venture

only yesterday morning. How- operations.

World War.

Land and Estates.

from the west.

By Paul Chesseright, Property Correspondent

opponents incinde some gov-

than other offences.

The document edded thet the inability of the UK euthori-

on the common law, were narmethods of communication and

The rapid growth of international financial markets in

ernment departments.
The original document said that the present rules, based row, technical and insular and failed to take account of the introduction of electronic

tics to take action against such fraudsters is in danger of arousing hostility from other countries which in turn may refuse to co-operate in tackling. crimes against British victims. In a case decided in 1985, a

transferring money. Fraud is much more commonly committed across national boundaries

London and the reassurance apparently offered by using a City of London address has made sophisticated cross-bor-der frauds controlled from London particularly attractive.

telex operator working for a Swiss bank in London illegally diverted a sum of money from an account in New York to one

Trafalgar House wins £350m

London redevelopment project

ever, the waterways board will

contribute the land and Trafal-gar House will be responsible

The board has enhanced the

land's value by obtaining out-

line planning consent from Westminster City Council This permits construction of 497,000

sq ft of housing 231,500 sq ft of offices, 188,500 sq ft of shops, 107,500 sq ft of industrial space

and 38,000 sq ft of leisure

space, including a cinema and boating facilities.

Since May 1987, when con-sent was granted, talks have taken place between the board

and the city council to refine

the nature of redevelopment.

These talks will continue with

Trafalgar House participating,

and it is expected that the

scheme's shape could change

substantially during the next

It will take that long before

ssion of the site. It cur-

Trafalgar House has vacant

rently houses a number of

warehousing and distribution

two years.

for finance.

in Geneva, but the court accepted his argument that no offence took place in London. Its reason was that conspira-cles hatched in the UK to commit frauds against victims elsewhere cannot be prosecuted

Before the end of the year, the Law Commission is to draft a bill, or if time is lacking, a report, which is loosely mod-elled on the legislation intro-duced in New Zealand in 1961. To replace the present law, which says that a fraud can be prosecuted in the UK only if the final step in the commis-sion of the offence takes place here, the report proposes that a prosecution should be permit-ted if any part of an offence is committed in the UK.

Attempts and conspiracies in this country to carry out ahroad what would be an offence under UK law could also be prosecuted here.

The Law Commission has said that it regards legislative reform as a matter of urgency but the earliest date by which a bill could be pushed through Parliament is mid-1990.

The development will take

The project is critical to the

about five years, auggesting the project will not be com-

city council, which in its latest

planning proposals has designated the hasin a priority area

it is also the higgest property scheme in which the water-

ways board bas become

involved. In recent years the

board has sought to exploit the

300 acres of land eurplus to

operational needs that it pos-

The joint venture it is estab-

lishing for Paddington Basin

follows the pattern established

for smaller projects in Gloucester, Bristol, Milton Keynes, Sheffield and at the

each case an alliance has been made with private developers.

Although commercial prop-

erty development was at the

hase of Trafalgar House's growth in the 1960s, it shifted

strongly to residential develop-

ment in the early 1980s.

ehouse Basin in London. in

for economic development.

pleted until 1995.

Steel output rises 12% on strong home demand

BRITISH steel industry production rose by 11.9 per cent in the first seven months of this year to an average of 367,500 tonnes e week. The rise reflected continuing buoyant TIK demand

Production rose more sharply in July, when output was 14 per cent up on the comparable month of 1987, at an average of 319,700 tonnes a

The figures, issued jointly by. the state-owned British Steel

which reported profits of £410m for the year to April, is set for a further increase in profits in the current year.

Association, embrace the whole UK steel industry.

The continuing rise in emand indicates that BSC

BSC produces about three-quarters of UK steal and is believed to be keeping its mar-ket share. The corporation produced 14.7m tonnes of steel during its last financial year.

Scottish manufacturing exports post recovery

By James Buxton, Scottish Correspondent

SCOTLAND'S exports of manufactured goods grew fas-ter than those of the UK as a whole in 1987 and recovered from their 1986 decline. According to a survey conducted by the Scottish Council Development and Industry which promotes Scottish indus-

try, Scotland exported goods worth £6.025hn in 1967, a 13 per cent increase in real terms on 1986. They accounted for 9.1 per cent of the UK's manufac-tured exports, the value of which grew in 1987 by 7.4 per

NICK GARNETT

looks at British

industry's invest-,

ment boom and

finds the picture less than cheering

emicals, food and drink pro-

The second is that although

engineering-type manufactur-ing is now taking part in this

year's investment surge, it has

come desperately late.

After a jump in capital

spending from around 1982,

investment in engineering went into a mini-recession. In

the three years up to the start

of 1988, investment overall among the 50,000 factories

engaged in metal-related man-

utacturing, from aerospace component and computer pro-duction to heavy mechanical

engineering, has been rela-tively weak. In terms of closing the technology gap with West Germany the past few years have been little short of disas-

An analysis by the Engineer-

ing Employers Federation,

using Government figures,

for some sectors

duction.

In 1986 Scottish exports fell by Il per cent on 1985 in real terms, against a fall for the UK as a whole of 1.2 per cent. Scotland's biggest export cat-egory was office equipment and data-processing machin-ery, worth £1.56bn (£1.24bn in 1986). Next came food, drink and tobacco, which includes the whisky industry, with £1.38hn (1986: £1.25hn). Third was chemicals at £700m (1986:

The largest single market for Scottish manufactured goods was the US. Corporation and the British Independent Steel Producers' The Government is expected to privatise BSC in November. mutual status Industry recovers appetite for spending

OVERNMENT says so.
The Confederation of
British Industry says so. City of London analysts say so. The UK's production indus-tries are going through a mini investment boom. Evidence has come thick and

fast that the historic weakness of British companies in spending on new huildings and machinery is being overturned.

The CBI's trends survey last month showed that more companies were predicting increased expenditure on new production plant. Imports of capital goods rose by more than 10 per cent in 1987 and appear to be rising this year at an even faster rate, according to the latest trade figures Many types of equipment sup-pliers are enjoying healthier

orders from UK customers than for many years.

Along with this upbeat assessment, however, has come a welter of other statistics and reports, largely unreported, which paint an altogether grimmer picture. Sales of machine tools, a

main indicator of shopfloor investment, slumped in Britain last year by almost 10 per cent in sterling value. The UK was the only European country with the exception of Switzer-land that recorded a drop. Machine tool sales in Italy were 60 per cent higher by value than those in Britain and

Germany was as usual in an altogether higher league. In the past two months reports from Frost and Sullivan, the US market research company, showed that the market in France for auto-

France also spent more. West

factories was now double that of the UK. Sales of high-cost flexible machines were also outstripping those in Britain, though still way behind Ger-

Figures from associations representing makers of produc-tion robots indicate that two years ago France pushed the UK into third place in the con-sumption of these machines within Europe. West Germany has three times the number of robots than Britain although measured in per capita con-sumption, Sweden is way out in front

At the same time, a recent investigation by Manchester University into the installation of modern shopfloor produc-tion equipment in Japanese, West German and British factories made a scathing attack on UK practice. Although it used a very

small number of examples, the report confirmed the view of observers regularly visiting factories around the world. This was that, compared with many of its main competitors, new equipment in Britain was installed in older, more cramped and less well planned facilities. These apparently conflicting

sets of information underline the importance of looking not just at the UK but at what competitor nations are doing. However, two further conclusions are emerging. The first is that the thrust of expanditure on new production kit over the past three years or so has been overwhelmingly in processing related industries, from plants making paper to

shows steep investment growth in the process industries over the past three years or so. This looks set to contime with the Chemical Indus-tries Association, for example, predicting a 19 per cent jump in expenditure this year. The same analysis by the federation, however, shows downward investment between 1985 and last year in electrical engineering can be exaggerated. Italy's machine tool commechanical engineering and sumption (£1.1bn in 1987) transport equipment. That is why UK consumption

of many types of production machinery that goes into nonprocess manufacturing shop-floors still looks so poor com-pared with some other Euro-It is also why some of the biggest manufacturing systems houses have been switching

their emphasis from engineering manufacturing to process industries. "We are orientating our

effort more towards processing industries because of that investment trend," says Mr Jerry Sayers, industrial group manager for Logica, the UK computer consultant and systems integrator. "We still do a lot of work in engineering, but there appears to be a lot more commitment in process industries towards systems automation and integrating information." The increase in capital

equipment imports over the past two years is almost cer-tainly so large partly because of the appetite of processing-type industries. Average yearly capital investment in the paper, printing and publishing industry for example for the three years between 1985 and 1967 was more than 60 per cent higher than between 1960-82. The import figure might also give an artifically high impres-sion of overall capital spending

in the UK if some of it was substituting the supply of equipment from weaker domestic equipment makers. investment problems in UK not.

engineering can be exagger-sted Italy's machine tool con-sumption (21.1bn in 1987 against the UK's £670m) was artificially bloated because of a one-year tax benefit rule on capital allowances offered by the Italian Government. Some of the differences in the size of market for equipment is partly accounted for in France and Germany by their larger vehicle industries which are hig consumers of machines

such as robots. There have also been some positive moves in favour of the UK. According to figures from the British Robot Association and from the Financial Times Business Information newslet-ter "Automated Factory", UK industry installed 620 robots last year, a big jump on the 475 in 1986. Meanwhile, the installation of robots fell by 20 per cent in West Germany in 1987. But those figures actually underline the UK's difficulties. West Germany still installed 1,500 robots last year despite the drop. The UK installation figure was actually below the

levels of 1964.
British engineering factories are now engaged in a remvestment programme. However, a spokesman for the engineering federation said this week that high interest rates threatened the recent investment surge. "We are concerned that investment levels have been

low. Rising interest rates might tend to stiffe the current rate of investment before it has run its course." Some might say that it is largely in the hands of the federation's own members to see that it does

The state of the s

The second secon

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and bill

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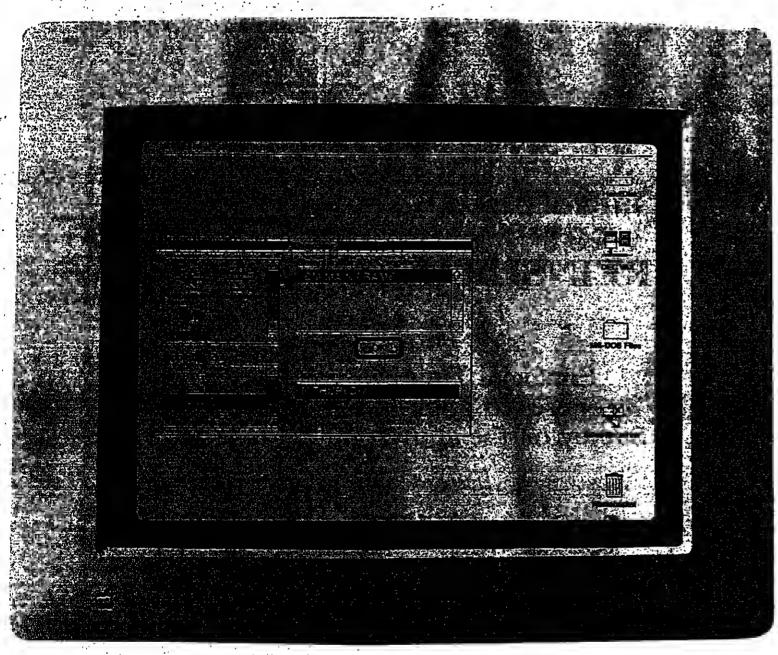
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?} **?**}

There are many reasons why takeover activity in West Germany is unlikely to be on the increase. David Goodhart reports

The corporate poison pill

est Germany is experiencing a quiet takeover boom. Few of the eals have made the headlines ecause they have usuelly involved large corporations picking up one or two small or medium-sized family firms. Thanks to the retirement of

many post-war entrepreneurs and a change in tax law thou-sands of these "Mittelstand"

sands of these "Mittelstand" companies are now coming onto the private corporate market, and so causing considerable anxiety among those who regard them as the backbone of the German economy.

But anyone inside or outside the country who bopes that this acquisition wave will percolate upwards to the small publicly-quoted sector of German industry is in for a disappointment, at least in the immediate future.

immediate future.

Agreed bids occasionally, contested bids never. That is the rule in the public market, despite the wishful thinking of the racier Frankfurt financiers. There are, it is true, some

rhere are, it is true, some signs that the Anglo-American system of management and shareholder power being disciplined by the takeover, rather than by the banker, might find at least a toe-hold in Germany.

Until recently, enthusiasts for the Anglo-American approach cited the expansion of the West German equity. of the West German equity market and the arrival of US investment banks as the levers of change. Now they are more likely to point to the harmonisation of company law prior to 1992 and even the possibility that opposition within the Ger-man banks to the principle of

hostile bids may be mellowing. The immediate news is less encouraging. Two rather half-hearted recent attempts at con-tested bids — for the Springer publishing empire and for the remnants of the Flick indus-trial empire (now called Feld-muelle Nobel) — were both

muelle Nobel) – were both still-born.

Feldmuehle took the threat seriously enough to change its voting structure, so that no shareholder could carry more than 5 per cent of the votes. But the ease with which it was able to abolish the principle of one share one vote – having been floated only two years before as something of a peo-ple's share - will not have encouraged reformers.

Responsibility for the lack of a hostile takeover culture in Germany is usually laid at the door of the country's universal banks. The banks, it is said, superfluous, through ensuring senior management heads roll when they need to, and effec-tively impossible because of their control of large slabs of

There is some truth in this, but the role of the banks should not be exaggerated.
There are very few direct bank
holdings over 10 per cent; the
28 per cent of Daimler-Benz
owned by Deutsche Bank is an

There are indirect forms of control by the banks too, but it should not be overlooked that in opposing contested take-overs the banks are just

The banks, it is said, make hostile takeovers both superfluous and impossible

responding to the wishes of their industrial clients. Tracing the obstacles to hostile bids in Germany has to start from the fact that there are only about 500 publicly

traded companies.

A large number of those public companies, probably more than a third, are protected by one very large minority, or even majority, shareholder - a family trust, or a financial institution. Many others have a handful of shareholders, including other companies, each with a sizeable stake.

A few companies also are doubly protected by the prac-tice – more common in Swit-zerland – whereby management can choose whether to enfranchise a shareholder.

The lack of share registers and the custodian system, through which companies house banks hold shares in trust for shareholders, certific and the terms of the companies. tainly adds to the power of the bank-management nexus. One or two friendly banks will usu-ally hold proxies for over half the shares, and will occasionally send out a circular to shareholders seeking permis-sion to vote on their behalf for

the next 18 months. Few share-

Such restrictions and conventions cannot prevent an attractive hostile offer being accepted by shareholders, although the fact that the banks also dominate stockbroking may make it very diffi-cult for a bidder to find much loose stock or enjoy the benefit

of surprise.

The restrictions can, however, make it extremely difficult to follow up ownership with effective control, because 75 per cent of the voting equity is required to dismiss the shareholder representatives on the supervisory board. Even if thet is achieved it may still be e long, hard, road to establishing real control.

This is the crux of the prob-

lem for any would-be hostile bidder. As Nicolaus-Jurgen Weikart, a Frankfurt corporate lawyer, says: "Our German system of corporate government is the biggest poison pill of all." The German system is, simply, not designed to maximise shareholder wealth, but rather to ensure the well-being of management, workers and shareholders.

The two-tier board system part-time supervisory board overseeing the management board — works against the hostile bidder first because, even if the new owner has the votes to dismiss the sharebolder representatives (when they come up for re-election), be then has to contend with the 50 per cent of supervisory board seats occupied by work-force representatives.

In theory worker opposition can be over-ruled by the chairman's casting vote, but this is virtually unheard of in a large German company and would cause an uproar if the preroga-tive were used.

Assuming, nonetheless, that control of the supervisory board has been established, the owner will then face a management board with independent legal responsibilities and indicontracts who cannot easily be

But if the hostile bidder, or corporate raider, is dogged by reletively weak sharebolder rights in Germany, be may also – paradoxically – be sty-mied by the peculiarly power-ful rights of minority share-

ing only the tiniest fraction of the equity cannot be forced to sell and can hold up a deal for years. That means a bidder cannot get his hands on cash flow, or break up a company, until he has slogged through

the courts or paid ransom. So will the European Community help to tear down these protective walls? A lot of effort is being put into the Europe-wide competition aspect of takeovers, and there are ele-ments in recent company law directives and the EC takeover code planned for the early 1990s which are likely to have some effect on takeovers in

Germany. But despite the enthusiasm of some Eurocrats for facilitating the spread of the Anglo-American takeover system throughout Europe, little

progress is imminent.

The fourth and seventh company law directives on the financial information that com-panies must provide could, for example, have kicked away another of the cultural obstacles to hostile bids in Germany
- namely that a bid system
requires far more disclosure than secretive german compa-nies are prepared to accept. But both directives provided important loopholes and thus German companies still have opaque balance sheets and hid-

opaque balance sheets and hid-den reserves to protect.

The proposed EC takeover code, by insisting on higher standards of information from predators, will probably thus further discourage hostile bids in Germany at least from domestic firms. And the EC-wide 10 per cent disclosure rule will also remove one of the will also remove one of the hostile bidder's few advantages in Germany - that currently disclosure is not required

below 25 per cent.

The second banking directive — not expected to become effective until 1992 – may help open a few cracks by insisting that no bank can own more than 10 per cent of a non-bank. But loopholes will no doubt be found and in any case holdings, in Germany are usually not-

The reformers' best home is that pre-1992 mergers will involve plenty of German com-panies making successful comtested bids in EC countries with more open takeover systems, the governments of

September 1985



which will then demand reci-procity for their own compa-nies in Germany. But as Ger-man companies do not usually like contested bids, even abroad, that is a long shot.
So is there any sign of new thinking from the guardians of the present system — the universal banks? Some analysts argue that the lower gearing of German companies and far tighter margins on lending means it is no longer clearly in the banks' interests to promote debt finance in preference to equity finance. Indeed, it could be in the interests of banks to release some of the hidden release some of the hidden value they have (at least some) share in and open new profit centres advising on and fundrestrictions and sund-ing corporate restructuring.

This is still regarded as wish-ful thinking by most analysts in Frankfurt.

Having opened the door to contested bids the banks would find it difficult to control the distribution of the benefits. The undervalued assets that they have been sitting on might disappear into someone else's pocket - and, horror of horrors, that someone else might be a foreign "raider".

The other drawback for the banks is that a confested take-over system, by requiring far more accurate company valua-

more accurate company vanua-tion, would rule out the privi-leged "insider" position that banks enjoy — as both advisers and stakeholders.

A better hope for change comes from the development of a more powerful group of find managers in Germany. The lack of a funded pension sys-tem and the strict limits on the equity holdings of insurance companies is another reason why the banks have kept such a tight hold on the corporate market. That could be chang-ing as the state pension system falters, and rich Germans become more accustomed to handing over their cash to var-

ious forms of money managers. In the meantime, anyone wanting to take over a German company against the wishes of the incumbent management and the house bank will need vast reserves of patience. But it is not completely impossible; the Swiss "raider" Werner Rey has finally won control of Harpener AG, a former coal and real estate concern. That took

It's all in the lap of the gods

Michael Skapinker considers the theory that organisational cultures are similar to ancient Greek deities

Greece, to which god would you have paid homage? Zeus, the king of the gods, who ruled imperiously from Mount Olympus? Or perhaps Dionysus, the god of wine and

Your answer, according to Professor Charles Handy, could tell you what kind of person you are and what sort of organ-isation is likely to bring out the best in you.

the best in you.

Not everyone is familiar with the ancient deities, so Handy suggests you fill in a questionnaire to test your Hellenic allegiances.

The questions, at first sight, seem to have little to do with Greek gods. You are asked whether, in your opinion, a good boss is someone who is strong and decisive or impersonal and correct. You are asked, too, whether you think subordinates should be loyal to the interests of their superlors, or should aim to develop their own potential. own potential.

You are then asked the same questions about the ways in which your organisation views the role of bosses and subordi-

nates.

The answers, acording to Handy, allow us to come up with four different personal and organisational culinres, or ways of doing things — each of which corresponds to a particular Greek god.

Handy first outlined his theory a decade ago in his book, Gods of Management, since updated and revised*. For those who can no longer find the time to read a 240-page paperback, Melrose Film Productions has now come up with Gods of Management - the Video.**

with Gods of Management - the Video. **

In both his book and the video, Handy suggests that the four gods of management are:

Zeus; "feared, respected and occasionally loved." Equally ready to hur! down thunderholts or showers of gold, Zeus represents "the patriarchal tradition, irrational hut often henevolent nower, impulsivebenevolent power, impulsiveness and charisma."

 Apollo, the god of order and rules. When Apollo reigns, everyone knows their place and their job. There are few surprises, Organisations with a long history of success with one product or service pay

f you had lived in ancient homage to Apollo. They are Greece, to which god efficient when life is predictable. They hate the obverse -

change.*

Athena, "the warrior goddess, patroness of Odysseus, that arch problem-solver, of craftsmen and of pioneering captains."

captains."
Athenian cultures like new challenges, to which they respond by setting up small teams. Management consultancies, advertising agencies, research and development departments are organisations in which Athena rules. They in which Athena rules. They fall to pieces if they ever have to mass produce anything.

Dionysus, whose followers respect no boss. To Dionysians, organisations exist to serve them, not the other way around Medical practices, bar-risters' chambers and universi-

ties are full of them. Handy's purpose is to describe the four cultures in ways which make them easy to remember. He argues that organisations need all four cul-tures, but in different measure and at different times. Growing and entrepreneurial organisa-tions might thrive under a Zeus, but they will eventually grow to the point that they

grow to the point that they need an Apollo.

As they become set in their ways, ad hoc Athenian taskforces will be needed to reinvigorate them. If managers recognise that someone is essentially an Athenian, it would be a waste of talent to leave them chaffing under Apollo's hyperografic rule. Apollo's bureaucratic rule.
Handy's book is both entertaining and informative. The
same cannot be said of the
film, which should really be
called Gods of Management —
the Home Video

the Home Video.
Handy's theme could have lent itself to all manner of exciting dramatic performances by well-known actors. All we have, instead, is Handy and we have, inscean, is manny standing in what appears to be someone's living room, expounding his theories with the sid of a flip chart and some crudely drawn diagrams. We all recognise the need to keep production costs down, but Melrose could surely have done better than this.

*Pan. E2.95.
**Details on rental and pur-chase from Melrose Film Pro-

REINSURANCE

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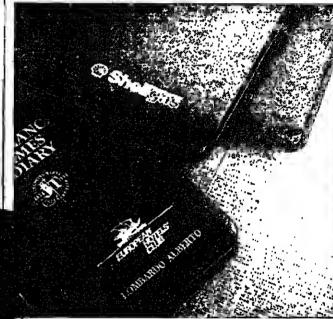
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A developer's development

By Paul Cheeseright

ST MODWEN Properties made its early developments in Burton upon Trent and so adopted the name of the the patron saint of brewing. Now it is riding the regional property boom, although that would be difficult to guess after a first look at the share price.

Like other developers, its share price was savaged after the equity market crash of last October and this week bas been standing at around 38p, or about half of that of the heady days of last year.

But those numbers tell only half the tale. That 38p is at a substantial premium to the historic net asset value per share of 20.5p and puts the company on e price-earnings ratio of 17.3p. So it could be argued that the price looks pretty

In a market concerned above all with assets rather than earnings, the stock technically doesn't look cheap — it is difficult to piece together a boying story for it," com-mented Alan Carter of Chase mented Alan Carter of Carter of Manbattan Securities, although, as he put it, the com-pany is 'e tidy little vehicle."

Therein lies one of the problems. With a market capitalisa-tion of around £50m, St Mod-wen is just another developer of relatively modest size whose

share price was pushed high last year but now does not have a high market profile.

"The share price has always looked a hit ahead," said Nick Hunter Jones of Banque Paribas Capital Markets, adding that St Modwen "is as succe ful as most developers of its type, if not more so."

Its underlying strength now is that it is in the right place at the right time. Over the last two years, confidence has seeped back into the Midlands, Manchester and South West. Manchester and South West where it is strongly repre-sented. "We're doing the same sented. "We're doing the same things as we planned 18 months ago, but we are looking at them more bullishly," said Mr Stan Clarke, the chairman.

The rise in the market, he noted, has increased our readiness to speculate build-ings rather than pre-let them." This has happened in Manchester and Nottingham. It is happening at the Festival Park site Stoke-on-Trent, the subject in Stoke-on-Trent, the subject of the accompanying article.
And the strength of the Manchester economy combined with changes in the Use Classes Order, eroding the differences between light industrial and office space, has had a marked effect on cost annuic. marked effect on cost appraisals for new ventures. St Modwen and the Manches-

ter City Council announced earlier this month a joint venture to build 300,000 square feet of low rise offices on 20 acres near Manchester airport. Eighteen months ago, explained Mr teen mourns ago, explained aff Clarke, this park was seen as an up-market industrial development where rents, bullishly, could be projected at £3.00-£3.50 a square foot. Now the rents for a venture which has shifted its accordance of the square foot. its emphasis towards offices are projected at £8.00-£9.00.

All of this suits the develop-ers like St Modwen very well, ers like St Modwen very well, but, stressed Anthony Glossop, the managing director, talking in the company's Birmingham offices, "We were making money here when the City was thinking the West Midlands didn't exist." The company and its predecessor were plugging away with industrial property developments - 2m square feet were let between 1979 and 1984, the dog years. "We didn't have a vision that the sunshine is coming, so let'a charge."

coming, so let's charge."
None the less, there has been a substantial extension of activity since, in early 1986 when there were the first gimmerings of a revival in some of the regional property markets, Mr Clarke reversed some of his private interests into the quoted Redman Heenan and St Modwen Properties emerged. - If took six months to sort out

where the company wanted to go and how it might get there. An office in the South West was closed and a decision was made to concentrate activities on three offices, in Birming-ham, London and Manchester.

It was decided to add retail property to a predominantly industrial base. With the change in the Use Classes Order, the office element was relatively easy to add to the

industrial.
St Modwen, of course, was following an industry trend when it moved into retail. Here, after all, was the area which had shown the most consistent growth. It was, as Mr Clarke conceded, "the giamour gide of the market." But our side of the market." But there is retail and retail.

The St Modwen approach

has been to look for town cen-tre schemes, rather than the redevelopment of the odd shop here and there, and to confine its development bids to towns here it had an edge over com-

petitors.

The Octagon Centre in Burton upon Trent came about because the town is in the company's backyard: it could see the market need and could assemble the site. The bid for a assemble the site. The bid for a new centre in Plymouth is based on ownership of a key freehold site and an alliance with Prodential, a major lesse-

holder. Winning approval from the Newcastle-under-Lyme council for a scheme came about because the company knew the local political pres-

But the company tries to keep pressure off the bigger developments like these by having a two-tier programme having a two-ter programme.
The regional managers are
steadily developing schemes
with a value of £1m to £3m.
These schemes, said Mr Glossop, give profit when the company wants it, a strong cashflow and a continual presence

in the marketplace.
Underpinning the ability to
do all these schemes and to act do all these schemes and to act quickly where there is the possibility of e land acquisition is the existence of a rent roll. This covers interest charges and business running costs. At the same time it provides some asset backing for the share price and, said Mr Glossop, "H i sell something I have to replace it."

When St Modwen came to the market in 1986, it was over-

the market in 1986, it was over-geared at around 100 per cent, Mr Glossop said. But since then both the rent

roll and the development pro-gramme have increased — the latter from £25m to £300m — and gearing this year will fluc-tuate between 25 and 40 per



FESTIVAL Park, Stoke on Trent, is the \$100m jewel in the \$t Modwen development crown. Formerly the site of a garden festival funded by the Government to clear derelict steelworks land, the development contract for the 175 acres ment contract for the 175 acres was won in competition from Lendon and Edinburgh Trust and Cameron Hall Develop-

ments.

Although the results of the competition held by the Stoke City Council were known last year, contracts were not signed until last February.

Most of the gardens, currently being maintained by the Stoke parks department but paid for by St Modwen, will remain intact, a rolling backdrup for 750,800 square feet of

The way in which St Modwen has attacked the develop-ment gives a clue to its financment gives a ciue to its imancing style. It has sought to minimise its risks by a mixture of pre-lets and pre-sales. Cash has come in, or is arriving, from the sale to Rank Leisure of 23.5 areas for a leisure

the hotel with a so far unnamed operator. This cash can be turned round into the At the same time, the retail warehouse units which have Toys 'B' Us and Wm Morrison Supermarkets on the flanks, have been pre-let. A short-term financial package will be put in place to cover

sure of 23.5 acres for a leisure centre, and of the leasehold for

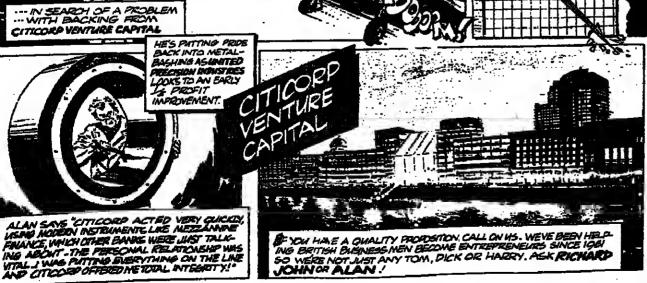
this part of the development, but St Modwen has agreed in principle to sell it on.

St Modwen's exposure has thus been confined to the industrial and commercial elements of the scheme. Construction has started on the first phases. Four office units totalking 11,000 og ft will be completed in June 1989. While there was little interest in the offices at first, over the last five weeks inquiries have been made which have led to two companies indicating that, in principle, they are prepared to

principle, they are prepared to take space.
Some housing could be constructed on land held back for future development and that would strengthen St Modwen's







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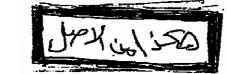
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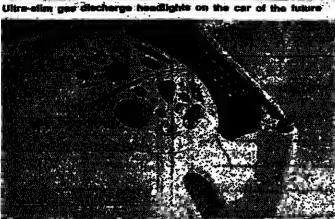
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Clive Cookson takes a look at a car which has sophisticated entertainment and business systems built in





A central rotary keyped controls all the entertainment and Information systems in the car

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ervical cancer still kills more

Latest developments such as cervi-cography, a photographic technique recently imported from the US, are still not widely available; and many

doctors feel that greater investment

at a lower level, such as in improv-ing the pay and working conditions of the laboratory staff who check

smear slides, would have a more

immediate effect.
The UK Government recommends

that sexually active women over the

Filled to the trim with electronics

tive who wants to pack his - or her - car with the latest entertainment, information and communication systems. He buys the most sophisticated radio; cassette and compact disc players, including CD video; a dozen loudspeakers to give perfect sound balance; two miniature televisions with headphones for the passengers; two mobile telephones (one with a handsfree set for the driver); a facsimile machine; a powerful per-sonal computer; and a prototype navigation system to guide him by the quickest route to his destination

But how does he fit it all into his car? Even the largest models on sale today would not be able to accommodate every-thing within the interior fittings. He would either have to clutter the car with equipment or spend tens of thousands of pounds having the interior redesigned and rebuilt. The most ambitious attempt

to solve the problem of packing consumer and business elec-tronics into a car is the new Royale, a 2.7 litre executive saloon built by International Automotive Design of the UK and Philips of the Netherlands. IAD, which claims to be Europe's largest vehicle design consultancy, did the overall styling while the electronics

were provided by Philips subsidiaries in several countries.

The Royale is a fully engineered working prototype, based on a flat-six engine and mechanical commonstrate from mechanical components from the Japanese Subaru Alcyone. However it is a "concept car" rather than the forerunner of a specific model (Antomotive manufacturers and designers build concept cars to show off their skills and ideas, the innovations often appear in produc-tion models a few years later.).
According to Rod Morement of Philips's consumer electronics division, the main purpose of the Royale is to show car manufacturers how well infor-mation and entertainment systems can be integrated into a vehicle, if the equipment manufacturers are involved in the design process from the very start. He says that car companies are only gradually realising the need to provide sufficient space for andio systems; too often they just put a 7in by 2in hole in the dashboard for a radio/cassette player and fall to leave room for good londspeakers.

The Royale contains all the items mentioned at the begin-

ning of this article, and more. Most of them are based on Philips products - in some cases redesigned for the Royale. The only feature that is in any sense futuristic is the Carin navigation system. This combines a digital map, loaded into the car's CD player, with an electronic compass and wheel sensors to give the driver route instructions via synthesised speech and simple diagrams on a dashboard liq-nid crystal display (LCD) screen. The full Caria system

will not be available until 1990. The most striking features of the Royale's interior design are the two "rotary keypads" on the central console — one for the driver and front passenger and the other for people in the back. They replace the mass of traditional knobs and switches which would otherwise have which would otherwise have been needed to control the electronic equipment.
The car contains 13 separate

loudspeakers. The front and rear compartments each have six speakers (two for low notes, two for the middle range and two for high frequencies). In addition there is a "bass actuator" mounted on the floor, which uses the car body to improve the reproduction of

larly good example of the "co-design" philosophy which it is trying to promote: the Royale's interior panels were designed not only to look good but also to optimise the sound quality. The speakers are powered

and controlled by a combination of amplifiers, cross-over filters and graphic equalisers inside the car body. The con-trol system can even compensate for the fact that the acoustic characteristics of the interior change according to

For the rear passengers, two LCD colour televisions, made in Japan by Marantz (a Philips associate company), are built into the back of the front seats. Morement says the miniature LCD screens are suitable for cars because they are much flatter than traditional cathode ray displays and less vulnera-ble to vibration. The disadvantage is that they can only work within a limited range of temperaturee. However Philips researchers expect soon to extend the LCD operating range to cover any conceivable conditions, from Saharan summer to Siberian winter.

In case anyone wants to turn from entertainment to work, there is an IBM-compatible lap-

top computer based on the Philips NMS 9100, which is fit-ted into the back of the front passenger seat. The computer's disc drive is accessible to the rear passengers but its main processing and power units are hiddeo inside the car body. A built-in Datacom interface makes it possible to transmit information from the computer back to the office via the car telephone, and there is also a facsimile machine built into

the rear seat. The most striking exterior feature of the Royale is the sleek front with its ultra-slim beadlights. These use experimental gas discharge lamps, developed by Philips, which give out four times as much light as a conventional incandescent lamp of the same

Anyone who wants a glimpse nto the future of car entertain-ment will be able to see the Royale in October at the Brit-ish international Motor Show in Birmingbem. Similar cars may becomes commercially available in about five years' time. The cost will, of course, depend on the volume of pro-duction, but Les Lawrence of IAD warns that early models are likely to be in the £30,000 to £60,000 range.

Renewed hopes for research in space

DIFFICULTIES with the US space programme following the Challenger accident 21 years ago has not deterred companies from pursuing space-based research.

That is the view of James Rose, head of the commercial space office at the US National Aeropautics and Space Admin-istration (Nasa). Rose was pre-viously in charge of an ambi-tions effort by McDonnell Douglas, the US aerospace company, to start a space-based venture in manufactur-

ing pharmacenticals.
Despite McDonnell Douglas's withdrawal from the project – the company said it could not wait for flights of the space sbuttle fleet to restart – Rose says there is plenty of support from other commercial organisations for such ideas such as low-gravity materials processing.
He says that 119 companies

are supporting terrestrial research programmes that could eventually result in studies in orbiting spacecraft. The disciplines include crys-tals growth and remote sensing of the earth.

Rose, whn headed an 11-year McDonnell Douglas project in low-gravity work which ended last year, is more optimistic now that the hiatus in space shuttle flights is doe to come to an end. Discovery is expec-ted to lift off from Cape Canaveral in September or October following a successful test of the craft's engines this week.

The suspension of missions has not interfered with an underlying appreciation of the possibilities of space flight, says Rose. "It has given com-panies time to think about what can be done."

Many of the organisations interested in space-based research come from the chemi-cal and pharmaceutical industries. Dn Pont, Wellcome, Upjohn, Merck, Procter and Gamble and Dow are among those involved with a series of Nasa-supported research centres around the US.

Studies are being conducted into areas such as low-gravity pnrification of materials which could be useful as drugs. Eventually such work could be transferred to space flight.

Peter Marsh

A sharper focus on cervical cancer

than 2,000 women in Britain every year and is on the increase, particularly among younger ones. Yet, if diagnosed. early, it is virtually 100 per cent curduring which the cervix is more Doctors agree that the best offen-Doctors agree that the best offen-sive against the disease is regular and efficient screening, which should also be cost-effective. Yet questions are increasingly being asked about the efficacy of the most common cervical amount tests.

closely examined through a binocular-like instrument.

One of the more worrying problems of this procedure is that traditional smears are recognised as being a far from satisfactory indica-tor of the degree of abnormality— categorised in three grades from the mildest, CIN 1; to the most severe, CIN 3. Incorrectly taken or inaccurately read smears also mean a fairly rately read smears also mean a fairly high false negative rate with many women, who have developed abnormalities being given the all clear. By the time they return a few years later, the next stage, microinvasive carcinoma, may have set in. In recent US tests, the detection rate of conventional smears was shown to be as low as 50 per cent.

Cervicography has been cantiously welcomed as a step towards improving detection rates. It was

that sexually acrive women over the age of 30 have a cervical amear every three years — an interval deemed too long by some gynaccologists. The usual test involves a sample of cells, taken by wiping a spatula across the cervix, being sent off for improving detection rates. It was developed by Dr Adolf Staff, a ploneer in colposcopy at the Medical College of Wisconsin, as early as laboratory analysis.
Women whose samples exhibit abnormal, possibly pre-cancerous, changes are than referred for colposcopy, a rather uncomfortable process-1981 but has only been available in this country recently.
Using a corviscope, a specially designed, easy to handle camera

with a telephoto lens and a powerful light head, a doctor or nurse practitioner takes a snapshot of the cervix during a standard pelvic examination. The cervix is swabbed with 5 per cent acetic acid to make abnormal areas stain white and this may he reposted petus jodine.

be repeated using jodine.

The process takes only a couple of minutes and women co-operating in hospital trials reported a much lower degree of physical and emotional distress than usually experienced during a more tast or to the control of the c enced during a smear test or a col-poscopic examination.

The resulting photograph, called a

cervigram, provides a magnification of the whole cervix, and not just of a small cell sample, thus enabling a small cell sample, thus enabling a far more accurate assessment of any potential abnormalities than is avail-able using conventional cytelogy. Cervicography is quite common in the US, according to NTL Processing UK, which supplies the cervicogra-phy equipment from National Test-ing Laboratories of St Louis in the leasing out cameras for around

However, it is only available in this country at a few private clinics

and some larger hospitals, including the Royal Northern in London and the John Radcliffe in Oxford, which are conducting trials. The Department of Health is still awaiting more conclusive evidence from these experiments before deciding whether to introduce cervicography on a

Marie Stopes Clinic, a registered charity offering women's health care services, is among the few centres offering cervicography to any woman. Dr Anne Szareweki, at Marie Stopes, recommends that a smear is done at the same time as a cervigram is taken. She stresses the importance of taking cells from the cervical canal where the first changes usually occur. This is done with an endocervical brush - a simnle instrument rather like a pipecleaner. It costs only a few pence, but is not yet freely available to family planning clinics and general practitioners.

Although cervicography has proved useful and cost effective in streamlining the screening process, it does have a relatively high inci-dence of false alarms which can

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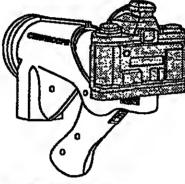
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canse unnecessary emotional trauma. This is because the cervigram evaluator will usually err on the side of caution. Just as in traditional cytology, the success of cervi-cography relies on the subjective judgment of the individual assessor. which can never be 100 per cent cor-

Research is under way into per-fecting a quantitative method of evaluating cervical smears. A team at the Middlesex Hospital in London, under Dr Andrew Sincock, has had up to 95 per cent success in prelimi-nary clinical trials of a new test which works by analysing the DNA of a cell nucleus by measuring the amount of light which passes

Although still at an early stage, the technique has been shown greatly to speed up the assessment process, allowing hundreds of slide to be processed daily against the 20 to 30 managed now. It also appears to permit the detection of abnormalities at a much earlier stage, often years before a conventional test.

But in January the Department of Health halted the funds necessary



The cerviscope supplied by NTL

for a wider trial and the work has been reined back to a minimal level, dependent on funding from a small charity. Quest for a Test for Cancer.
"With any kind of screening pro-

cess, the search is always akin to looking for a needle in haystack. But what is clear is that what we need now is a renewed and more valid approach to cervical screening, at est until current research manages to come up with a more sensitive test than the ones on offer," says

Dominique Jackson

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ARTS

Arts Week F | S | Su | M | Tu | W | Th

MUSIC London

Ulster Orchestra, conducted by
Vernon Handley, with Ernst Kovaric
(violin), Elgar, Sibelius and Geruld
Barry first performance. Royal Albert
Hall (Mon). (559 8212).
City of London Sinfonia, conducted
by Richard Hickox, with Beather
Harper (soprano) and Wayne Marshall
(organ). Britten, Bridge, Bilchael Berkeley, Poulenc and Bizet. Royal Albert
Hall (Tue).
BBC Symphony Orchestra and Chorus
and Singers, conducted by Peter Eotwoe, with Sarah Leonard (soprano)
and Pl-Haten Chen (plano). Elliott
Carter, Stravinsky and Franco Donatoni. Royal Albert Hall (Wed).
Monteverdi Choir and English
Baroque Soliciss, conducted by John
Eliot Gardiner. Bach St. Maithew
Passion. Royal Albert Hall (Thur).

Tokyo

OPERA AND BALLET

Moscow Classical Ballet in a short season with a new Swan Lake, at the Business Design Centre, Islington.

Arena Di Verona. Zorba the Greek, a ballet by Lorca Massime to Theodorakis, conducted by the composer. Also: Aida, with Grace Bumbry as Amneris; Turnadot with Ghena Dimitrova alternating with Eva Marton, and Ponchielli's Le Gloconda, with Bruna Bagilioni and Glovanna Casolia.

New York

New York City Opera (State Theatre, Lincoln Center). The week features Lotti Mansour's new production of II Barblere di Sivigilla, conducted by Sergin Comissiona, and the season's new production of Rigoletto, conducted by Elio Boncompagni and devised and directed by Tiro Capobianco, (496 0600). Lincoln Center Out-of-Doors Festival, Free performances in the plazas and

Lincoln Center Out-of-Doors Festival Free performances in the plazas and Damrosch Park this week feature Yoshiko Chuma and the School of Hard Knocks, a dance, music and performance art piece (Tue 6pm); Fresh Stuff (Wed 5pm); and Yane and Le Baton Magique from Paris (Thur 6pm). (877 2011).

Washington

Wolf Trap Festival, Wolf Trap Opera Company, using Maurice Sendak's whinsical sets from Glypdebourne, perform The Love of Three Oranges (Thur). (432 0200).

Tokyo

Chang Mu Dance Company from South Korea. Sunshine Theatre, Re-bukero (The-Thur). (287 4368). Teshigawaff Seburo (avani garde dancer). Outdoor Theatre, Ikebukero (The Wich). (362 4528). (Tue, Wed). (387 4569). Rudolf Nureyev and dancers from the Paris Opera Ballet. Koseinenkin Hall (Tue-Fri). (350 4666).

EXHIBITIONS

London

The Royal Academy. Cézanne – The Early Years 1859-72. A concentrated and illuminating study of the formative period of one of the greatest artists of the 19th century and one of the seminal figures of the modern movement. Although he came to greatness in his middle and later years, his early period, far from being inconsiderable as had been generally supposed, is now revealed in all its complexity and contradictory quality. Ends August 21. London

Paris

Paris
Care Musées et Monuments, sold in muscums and Metro stations, enables visitors to avoid quences at 60 museums and monuments, including the Louvre, Musée d'Orsay and Versailles Palace.
Centre Georges Pompidon. The Plfties, taking over Beaubourg for three months from the ground floor upwards. The postwar creative dynamism of the Pftiles is represented by cars, comics, music, cinema, literature, industrial creation and - on the fifth floor - by visual arts. The great figures of Matisse and Picasso open the exhibition with works in black and white; monochronies by Yves Klein and Montans close it.
While contrasting the School of Paris with the School of New York, the exhibition equally draws attention

exhibition equally draws attention to some of their parallel develop-ments. (42.7-12.33). Closed Tue, Ends Oct 17. Institut du Monde Araba. Holy Flaces in Saudi Arabia. Magnificent architectural models of the Kaaba in Mecca and its black brocade veil with verses from the Koran embrodered in gold, and of the Prophet's great mosque in Medina, provide non-Moslems with a realistic image of the shrines of Islamic pilgrimage, to which they normally have no access. Manuscripts, works by the traveller Richard Burton and 17th century Turkish ceramics complete the exhibition. 23 Quai Saint-Bernard (46.34.25.25). 1 pm till 8 pm, closed Mon. Ends Sept 18. nstitut du Monde Arabe. Holy Places

Netherlands

Amsterdam, Tropenmuseum, The arts and crafts of Indonesia, illustrated with more than 500 objects in bronze, bamboo, textiles and precious metals spanning 2,000 years

THEATRE

London Too Clever By Half (Old Vic). A fizzing Gogolian production by Richard Jones of Ostrovsky's Diary of a Scoundrei in an old Eodney Ackland version, with remarkable Expressionist designs by Richard Hudson and a brilliant central performance by newcomer Alex Jennings. Until August 13. (923 7616, credit card bookings 261 1821).

August 13. (923 %16, crean care bookings 261 (BE1).

Easy Virtue (Garrick). Transfer of King's Head revival of early Noel Coward, same period but lesser virtage than Hay Fever, but worth see-

tage than Hay Fever, but worth seeing, (379 6107).

South Pacific (Prince of Wales), Average, traditional revival of the great Rodgers and Hammerstein musical, with Gemma Craven failing to wash the haritonal Emile Belcourt out of ber hair. (839 8869).

The Phantom of the Opera (Ber Majesty's), Spectacular, emotionally nourishing new musical by Andrew Lloyd Webber. (839 2244, credit cards 379 6131/240 7200).

Follies (Shaftesbury), Eartha Kitt and Millicent Martin now decorate

Follies (Shaftesbury). Bartha Kitt and Millicent Martin now decorate Milke Ockrent's strong revival of Soudheim's 1971 musical, in which poisoned marriages nearly undermine an old inviesque reunion in a doomed theatre. (379 5399). Hangood (Aldwych). New Tom Stoppard mixes esplonage, romance and higher physics. Felicity Kendai is the eponymous intelligence agent, Roger Rees and Nigel Hawthorne in elezant support. (336 6404, credit

of cultural history. Ends August 21. West Germany

Cologne, Romisch-Germanisches Museum. Ceesaris Glass. This exhibition is the most important display of Roman glass ever staged. It covers the period from Caesar to Justinian, from the first century BC to the 6th century AD. The 182 pieces are mainly goods from everyday life. The show is a joint project between the Carning Museum of Glass, New York, the British Museum, London, and the Romisch-Germanisches Museum to Cologne. Until August 28. Munich, Haus der Kurst, 60 Prinzregentstr. An important exhibition, centred on the city of Munich, which provides a broad view of the West German cultural scene, There are about 640 works – paintings, graphics and plastics – by 470 different artists, including over 100 women. Twenty-two works by the Austrian painter and sculptor, Altred Hrdlicka, form the highlight of the show. The exhibition is organised by three group of artists. Ends Sept 11.

Venice, Palazzo Grassi. The Phoenicians. The fourth major exhibition at Flat's imposing art centra on the Grand Canal attemps to give a complete picture of this extraordinary people, who dominated trade in the Mediterranean for over 1,000 years before their capital, Carthage, was finally destroyed by the Romans in 146 BC. The exhibition has been given a highly theatrical presentation by the architect Goe Aulenti. Sarcophaghi project at odd angles from a pile of pink sand on the ground floor of the Palazzo; in an upstairs room, model ships stand immobile in a rippling artificial lake, and a huge polystyrene wave engulis a Phoenician wreck. Many of the 1,200 objects displayed (gold and silver jewellery, statues and reliefs in terracotta, bronze and ivory) are extraordinartly besutiful and the 750 page catalogue, published by Bompiant, is excellent. Until Nov 6.

Switzerland

Martiguy. The Gianaida Foundation is showing the second part of trea-sures on loan from the Sao Paulo Museum. Entitled From Manet in Picasso, it is especially rich in

Amsterdam, Staddschouwburg. The English-Speaking Theatre of Amster-dam in Agnes of God by John Flei-meter, directed by Bryce Pederson, (not Sun or Mon). (24 23 11).

New York

New York
Cats (Winter Garden), Still a self-out, Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline, (239 ESE2).
A Chorus Line (Shubert), The longestrunning musical in the US has not only supported Joseph Papp's Public Theater for eight years but also modated the musical genre with its backstage story in which the songs are used as auditions rather than emotions, (239 ESEO).

backstage story in which the songs are used as auditions rather than emotions. (239 6200). Les Misérables (Broadway). The magnificent speciacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama. (239 6200). Starlight Express (Gershwin). Those who saw the original at the Victoria in London will barely recognise its US incarnation: the skaters do not have to go round the whole theatre but do get good exercise on the spruced-up stage with new bridges and American scenery to distract from the backneyed pop music and trumped-up, silly plot. (586 6510). Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of

Renoirs, from society portaits and little girls in frothy lace and pink and blue satin, to a flesby node. Van Gogh, too, is well represented with his famous Arkstenne and landscapes nis famous Ariesienne and landscapes with tormented trees. There is Cezame's portrait of his wife, a Tahiti scene by Gauguin, early Pleassos and Manet's Marte Lefebyre, riding side saddle all clad in black and looking as seductive as Bonnard's appealing unde or Degos' ballet dancers. (23978). Ends Nov 6.

New York American Craft. Museum. An ambi-tious exhibition traces the history of American architecture back to the turn of the century, and empha-sises the work of artists like Tiliany. sizes the work of artists like rimany, Lawrie and Louise Neveison who were commissioned to add art to the architecture. Ends Sept 4. Pierpoint Morgan Library. Over 300 items from the life and art of Beatrix items from the life and art of Beatrix Potter show the evolution of the artist and her work. Included are the films-trated lotter, discovered only months ago, to Noel Moore that became the basis of Peter Babbit, and the entire sequence of 22 watercolours from The Tailor of Gloucester, lent by Lon-don's Tate Gallery. Emis Aug 21.

Washington

Mashington
National Gallery, More than 60 masterworks, from the superb 16th-18th century collection of Munich's Alte Pinakothek, Inchnie paintings by Bubens, Rembrandt, Titian. El Green and Van Dyck. Ends Sept 5.
National Gallery (East Wing). To mark the 350th anniversary of the first Swedish colony in North America, the entibilition covers four Swedish monarchies in the 16th and 17th centuries and shows Sweden as a resplendent and aggressive world power through objects and 100 paintings on loan from the Boyal Treesury the National Museum and the royal collections. Ends Sept 5.

Chicago

Art Institute. Photographs by Josef Sodek. Using his native Prague as the background, this avant-garde photographer, who died in 876, captured the lyrical quality of the Czech people and the country's beautiful isndscapes. Ends Sept 5.

Art Institute. More than 50 Dutch

Pygmalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters. It has nevertheless proved to be a durable Broadway hit. (947 9033).

M. Butterfly (Eugene O'Neill). The surprise Tony winner for 1968 is a somewhat pretentious and obvious meditation on the true stary of the somewhat pretentions and overthe meditation on the true story of the French diplomat whose long-time mistress was a male Chinese spy.

French cipitinal whose hang-and mistress was a male Chinese spy. (246 0220). Speed-the-Plow (Royale). David Mamet applies his biting stream and ear for the exaggerations of American language to Hollywood, in this screamingly funny and well-plotted expose of the film industry. (239 6200). Stranger Here Myself (Public). Angelina Boux performs two decades of Kurt Well's songs in a one-woman show covering his time in Berlin, Paris and New York, (596-7100).

Washington

Washington

Les Misèrables (Kennedy Center
Opera House). The touring company
of the international hit of last season
brings to Washington the historical
sweep of Victor Hugo, set to music
and an insistent contemporary beat,
Ends Oct 15. (254 3770).
Sleuth (Eisenhower), Stacy Keach
and Maxwell Caulfield star in the
mystery bitting a writer against 8 mystery pitting a writer against 8 mild-mannered fravol mild mannered travel agent who's stolen his wife's affections. (254 3679).

Le Bourgeois Gentilhonne (Ginza

pieces from the Hermitage in Lemin-grad, meiuding works by Rembrandt, Rubens, van Dyck and Frams Hale, luck off a collaborative effort by US Tokyo

Tokyo Telen Masseum, Magnam Masserworks from Europe. Japanese collectors, both public and private, have been on a spending space excessly. This exhibition draws together some mean a spending space excessly. This exhibition draws together some mean acquisitions and, though aimed mainly at Japanese children, it provides an opportunity to assess current Japanese taxto in Western ert. This seems to be beatcally conservative, with an emphasis on languagesianism and Post-impressionism. The 68 work on show range from Smoot at his most sentimental to a selection from Mattine's mighty Jazz series. The maseum has a superb Art Doos interior and a pleasant garden. Closed August 24. Ends September 4. National Museum of Modern Art. Individualism is not generally admired to Japan, so portuniza, in the sense of the portunyal of individual psychology, is not part of the artistic tradition. However, is modern with varying degrees of success. This exhibition features portuniz and other works in which the largenize within the last 100 years. Closed Mondays. Ends September 9. Riccar Museum. A nictorial diary

Ends September 9.

Ricar Museum. A pictorial diary
and other works by the early 19th
century master of the Ukiyoe woodblock print, Utagawa Hiroshipe. End
August 28.

Suntary Museum. Chinese ghagware of the Qin Dynasty (1544-1811) from the collection of American business-men Robert H. Clague. The works the collection of American despessions Robert H. Cisque. The works image from simple incense burgers, howis and gourd-shaped vases in transincent coloured glass to elaborate showpieces instituting jade or porcelain that make virtuous use of techniques in which Chinese craftsman were particularly skilled, such as carved relief and coloured overlay. Closed Mondays. Ends August 28. Japan Folkeraft Minesem (Nihou Mingelican). Komaha. Crafts from haffa. The museum is in an old Japanese farmhouse building which accords perfectly with the unselfounctions. beauty of the objects. Closed Mondays. Ends September 25.

Saison Theatre). The Comédie Fran-caise from Paris performs Molère's classic (in French). Begins Tuesday.

(535 0555). Els Comediants (Tent Theatre, Rebe-Els Comediants (Text Theatre, Bebu-kero). Comedy group from Sprin. Tue-Thur only, 682 4369). The Sound of Music (NHK Ball). Tour ing production (in English) of the ever-popular and ob-so-entimental Bodgers and Hammerstein musical with Pat Boone's daughter, Debble, to the circuits Musica van Tate. Node

Rodgers and Hammerstein musical with Pat Boone's darighter, Debble, as the singing Maria ven Trapp, Ends August 31. (237 9000).

Idanamte (Nakano Sun Plaza), Japanese musical based on Mozari's kiomenese musical based on Mozari's kiomenes emusical based on Mozari's kiomenes on distarting pop idol Masahiko Kondo (March). The production is by kabuki showmatr chifuswa Enmosuke, with the help of the design team responshile for the remarkably successful Super Habuki production. Yamato Takera, so the result is bound to be visually spectacular, Wed, Thar only, (378 2809).

Opera-as no Kaijim, better known as The Phannom of the Opera (Niseal Theatre). Japan's leading anusical company, Shiki, sequirs itself well in a close copy of the London original, The Japanese translation is often awkward, but Andrew Lloyd-Webber's gift for musical pastiche, Harold Prince's romannically evocative singing and Maria Bjornson's stuming sets and costumes make for an empyshe evening. (303 3111).

Les Misérables (imperial Theatre). This stirring musical adaptation of Victor Hugo's novel of the Paris buritades has returned to Tokyo for snother four-mouth run. (301 7777).

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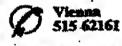
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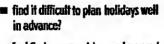
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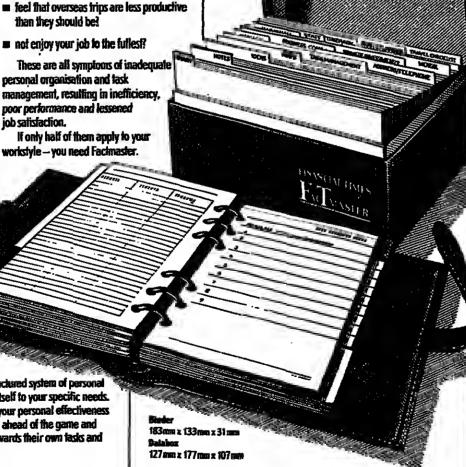
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than they should be?

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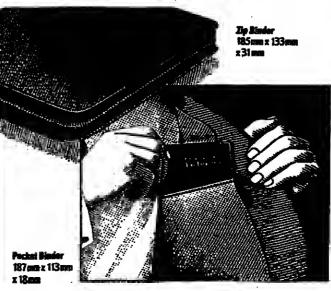
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Who, except perhaps a acknowledges Phyllis Gros-composer of old-fashioned com-edy revue sketches, could be optimistic about a play con-gramme, but he has fashioned cerning three German Jewish a tense and emotionally territo-female psychoanalyists talking rial drams that uses documen-to each other for two hours? Yet Nicholas Wright's impeccably directed by Peter Gill, is the most interesting new play of the year so far. Just as Pinter has adopted the hermetic language of neuro-physiology in A Kind Of Alaska and liberated his vernacular instincts, so Micholas.
Wright has turned psychosnalytical jargon to telling theatrical effect. The stilted language of the couch becomes a source

of expressive conversational Melanie Klein, who settled in England in 1926, was the Marietta Higgs of her day, seeing all sorts of problems in natural infantile behaviour. Her professional split with the phallocentric Freudians, specifically Freud's daughter Anna, still causes ractions among Hampcauses ructions among Hamp-stead-based child analysts. Wright makes of her, quite rightly, a comic figure. Gillian Barge goes even further in breathily outlining a tragicomic one who wonders at one point if there could possibly be point if there could possibly be anything worse than a bossy Central European Jewish mother. "I hope," she says.

It is mothers and daughters time in London in the mid1980s just after Klein's son, Hans, has died on a mountain. central European Jewish this play questions many of the mother. "I hope," she says.
It is mothers and daughters time in London in the midigates time in London in Lond

set to work translating (we must assume) tha key Klein she was a Freudian, but not an opus, The Psychoanalysis of Anna Freudian. Wright steers. Children. The amenmensis will clear of such specialist wranging, and Gillian Barge, in the management of even her distinguished to the control of t invents an implied sexual reveals a woman beset by understanding with Paula, will doubt, refugee vulnerability, renounce her mother. This Melitta did, this in a

Miss Barge presents a fuse-ing, Arizay-haired study in inse-curity who mouths platitudi-nous deductions as a conversational ruse. We hear nothing of infant sadism until nothing of infant sadism until quite late on. She is also very much a period piece, walled up in London with books, family pictures and (on John Guntar's meticulous design) recriminatory portraits of three gunustry portraits of three gunustry portraits of three gunustry portraits of three gunustry professional person in England; her infinential lover, the bespectacled C.Z.Kloetzel; and her Freudian mentor. Sándor Fer-Freudian mentor, Sándor Fer-

The odd detail of Klein's The odd detail of klein's extraordinary story is released with devestating effect. Such as, that a girl Hans liked might have been a mother figure with a penis. That playing the violin is a symptom of repressed masturbation fantasy. That a nine year-old, who "felt the room pressing in on him" is an excuse to pass the sherry.

Making public material of

Making public material of privately endured experience is a major subject of our centu-ry's intellectual evolution, and

become a daughter substitute. gling, and Gillian Barge, in the The daughter, Melitta (Francesca Annis), for whom Wright guished professional life,

Michael Coveney

Take your partners for the silly season

ears hence you will be able to tell your grandchildren about the summer of 1968. "Gather round," you will say to the faces glowing up at you, bright with reflected firelight, "and I will tell you about the greatest, longest silly season in the history of British movie

exhibition. They will gasp in wonder at the series of connoisseur clin-kers you will claim you saw that year. There were films about knockabout cancer victims (Hawks), mad railwaymen (The Pointsman) and lovelorn nuns in Vietnam (Saigon). There were films sponsored by the Tower of Babel, such as the one set in Italy directed by a Frenchwoman with an Anglo-American cast (A Man

In Love) or the one set in the Louisiana bayons directed by a Russian (Shy People). There were movies recommended by the Guardian (Salome's Last Dance, The Naked Cell) to which was would not take your which you would not take your greatest enemy. And just when you thought things could not get worse, there was the week of August 12.

Grandchildren, gathar round. This was the week of Shag and Anna. Shag was a film about an early 60s dance craze. But no, grandpa, you must be wrong, that was Hair-spray. No, children, Hairspray was another 1988 film about an early 60s dance craze: or sevsarly our manes craze. Or service crazes, shag was about just one dance craze, the Shag. What happens is four South Carolina giris go off for a fun-filled weekend to Myrtle Beach, a coastal resort. During their sojourn, they

meet some fun-filled men and have a lot of fun-filled romance and firtation. They also dance the Shag.

"What is the Shag, grandpa?" I have just told you, it was an early 60s dance craze. "Yes, but what kind of dance?" Well, I don't know. One early 60s dance craze looks like any other to me. In a film like this, it is chiefly an excuse to play a large number lot of old pop songs on the soundirack and

> SHAG . Directed by Zelda Barron

ANNA Directed by Yurek Bogayericz

> KING OF THE CHILDREN Directed by Chen Haige

bring out a tie-in LP.

"I get the feeling you didn't like the film, grandpa." No.

"Were there any notable features?" Chiefly the fact that everyone in it seemed to be the close relative of someone else. For instance there was Bridget Founds and Pater Page Han. Fonds, son of Peter, Page Han-nah, sister of Darryl, and Tyrone Power Jnr. And I was a bit suspicious of the name

Annabeth Gish too.

Apart from that, children, I suppose the film has a footnote interest in the history of Holly-wood's grapplings with femi-nism. It was directed by a woman, Zelda Barron, of Secret Places, and it showed four girls rather than four men going on proved in this case is that women, when they want to be, can be as boorish, loudmonthed and over-determinedly zany as men.

"What about the other film, Anna, grandpa? Was that an. improvement?" Yes, but not a great one. Once again women were centre stage, but any fem-inist hopes raised by that fact were dashed by the portrayal of most of the characters as nutters or no hopers.

The heroine, played by Sally Kirkland, is a Czech refugee

and former star of the Prague theatre who has fallen on hard times in New York. She cannot get a good part even though she does everything they ask. at auditions, such as twirling at auditions, such as twirling round on one leg screaming "Humpty Dumpty." (No. children, don't try it yourselves, not when I'm talking). Anyway, this actress adopts a younger, prettier, newly-arrived Czech refugee (Paulina Poriskova). Soon the girl is hopping into bed with Miss K's lover, hopping into all the stage and acreen roles Miss K stage and screen roles Miss K might have coveted, and then hopping out of Miss K's life. So Miss K goes bananas and ends up trying to shoot her on a

"It sounds silly, grandpa." It is silly, children. Extremely silly. The main saving grace is Miss Kirkland. She won a Best Actress Oscar nomination for the part. She is tall, blonde and kooky looking, and resembles a cross between Margaret Leigh-ton and Sally Kellerman. ("Both before our time, grandpa"). She has also been to the "Unbearable Lightness of

vincing Czech accents. But even she can do little with laboured direction by Yurek Bogayevicz, or with a script by Poland's Agniezka Holland which seems a very dog-eared Hollywood calling card from the one-time co-writer of Man Of Iron and Danton.

"Were there any small foreign or independent films press-shown that week, grandpa, to make up for these two American clinkers?" Well, there was King Of The Chil-dren from the acclaimed Chi-nese director Chen Haige. This was about a teacher, played by Xie Yuan, going to a new job in a remote rural village dur-ing the Cultural Revolution, a period of Chinese history in which all the bad old traditions of intellectual life were overthrown and replaced by worse

"Does this film support the Cultural Revolution?" Hard to say, children. The young hero has himself been sent to the country to be "re-educated." And while there he is moved by the country to the country to be "re-educated." by the seasonal majesty of the countryside – steep jungle-green cliffs, veils of mist, bare trees like gesturing hands, all beautifully photographed by Gu Changwei – and he also sets out to transform teaching habits. He urges the children to abandon their learning byrote. He encourages them to write stories and essays from their own heart and observation, and even to invent their own words.

Alas, the classroom scenes, which constitute most of the movie, are dull to the point of paraplegia. And whether our schoolteacher is spreading his liberal gospel on behalf of Mao or in defiance if Mao is never. made clear. Indeed, I suspect that the film's political thrust, like that of Haige's Yellow Earth and The Big Parade, is strategically ambiguous. New ideas are still cautious about raising their heads in China lest, like the famous Thousand Flowers, their heads are lopped off. Aren't you going to ask me

what the Thousand Flowers

Xie Yuan in King Of The Children

are, children? Children? Zum

In a season of hibernation at the cinema, some of the liveliest movie-related fare is now to be found on television. I never expected to find myself thanking Heaven, for instance, for Jonathan Ross. But The Incredibly Strange Picture Show looks like being a series of welcome wake-up tablets. Kicking off last week with John (Pink Flamingoes) Waters, Ross's delvings into the livelier, crazier, more outrageous strata of lowbudget cinema should have

Aunt Edna gratefully leaping for her smelling salts. The poor woman has bad not a moment's excitement all sum-

Programmes like Ross's are.

we hope, a warning shot across the bows of an impending evant dreaded by all people connected with screen art and entertainment: the creation of a TV watchdog committee on tastes and standards under Sir William Rees Mogg. Britain continues to uphold its record as the most nannyish society in Western Europe, and this new manifestation is of a piece with the late lamentable video nasties furore, with Clause 28 and with every other currently fashionable attempt to gag society or the arts with the lace handkerchief of gentility. Already, even before Sir Wilham is properly in place, our small screens are being invaded by "TV versions" of feature films. (Quail at the excisions visited last week on Three Days Of The Condor). And already Sir William and his cohorts have threatened to extend their monitoring of moral standards from small

screen to large. May I recommend, to a committee to whom standards are so important, the cherishing and upholding of the following standards in our national life? Freedom. Creative energy. Truth. Imagination. The spirit of adventure. What British screen culture today needs is not road blocks but starting blocks, not cries of "Go back" bnt generous and zealous shouts of "Go on."

Nigel Andrews

A Midsummer Night's Dream HOLLAND PARK OPEN AIR THEATRE.

Not onite open air: the seating area before the terrace and colonnade is sheltered by canvais against the umpredictable midsummer night's streams of England, though not against the midsummer night screams of American residents, who sound like the shricking baseball players of Regent's Park tom. The Indian changeling Open Air Theatre having an evening at home for a changes, Peter Benedict's direction evokes Fortunes of War, its front of him. consigning him to evokes Fortunes of War, its front of him, consigning him to garden furniture and wind-up gramophona doing duty for ducal terrace or magic wood. Theseus is a rheumatic warrier in khaki engaged to a horsey Hippolyta; Demetrius spends the evening scrambling through the wood's mercifully

non-existent briars in a Scots kilt; Egeus' hostility to Lysan-der as a suitor for his daughter's hand may spring from the suspiciously pacific figure David Janson makes in his cord jacket and pullover.

The mechanicals are a tronpe of militaristic boy scouts played mainly by real boys. Francis Finte's voice has the corncrake strain of adolescence, little Snug Minor's tre-ble has yet to break. Bottom is James Powell, a young actor phose spivvy swagger and tendency to Cagney and Mae West impersonations fit both the context and the production style. This relies on the unconnected gag rather than an overall view of the play; disjointed and heavy-handed.

Titania, as portrayed by

invisibility.

Miss Fielding gets over the clotted richness of her verse well. Roland Curram is also strong, a macho cloaked Oberon in rehearsal tights and grizzlad beard. His body make-up arouses fours for melanoma and shows up the charmless punk Puck of Edward Bryant as greyly amende. The lovers are a trifle colourless, with Juliet Prague an under-directed Helena, except when she demands to be used as Demetrius would use his dog and stretches out voluptmounty on her back. One assumes she wants her furniny tickled.

Her period coiffure and haughty profile increasingly and unnervingly recall early pictures of that former ornament of Grantham's mercantile milieu, the whilom Margaret Hilda Roberts; not least whe towering over her fawning suitors, she twists both their noses simultaneously.

Martin Hoyle



Vera Timashova as Odette/Odile and Vladimir Malakhov as Siegfried in Swan Lake

Swan Lake

BUSINESS DESIGN CENTRE, ISLINGTON

That inescapable balletic bird, the swan, is with us again. The Moscow Classical Ballet is in residence in Islington with yet another version of Swan Lake, (I am waiting for the discovery of a cave-painting which will show the earliest record of these sacred rites). This production is a joint Anglo-Soviet enterprise, in that the staging has been put together in Moscow, while design - by Tim Goodchild - is a local

It is clearly intended for a long touring life. The presentation contains everything audiences may care to expect from this ultimate balletic cliché never mind the steps, feel the title - and is guaranteed to be a popular success. It offers the drams told in direct terms, with the only departure from the conventional Western or Soviet views of the tragedy being that a final Hamlet-ish coup finds Siegfried, Odette and von Rothbart dead on stage at curtain fall. The text is a confused mix-

ture of Russian elements: six

choreographers are cited in the credits, plus two assistant cho-reographers and, the produc-tion's claim to fame, the consultant presences of Mme Marina Semyonova and Asaf Messerer (whose fourth act is the most interesting single element. Mme Semyonova, most illustrious of Soviet ballerinas, was a celebrated Odette/Odile - as a precious fragment of her performance, now avail-able here on video, tells us. Mr Messerer, teacher, dancer and choreographer, has helped

shape generations of excep-tional Soviet performers. Their joint involvement has brought certain precious stylistic elements to the dancers, and the Moscow Classical troupe looks far stronger as an ensemble than it did on its previous visit four years ago The scheme of the staging is,

then, traditional enough; its matter far less so. I find little merit in abandoning Petipa's first act trio in favour of the present undistinguished varia-tions which are owed, I think, to Gorsky. The first lake-side

scene is generally more rigid in pattern than the Kirov's view the Ivanov choreography; the ball-room dances are in the main sound, and soundly done: the Messerer last act has urgency and some lovely evolutions for the swans. What is missing is a coherent and cohesive text: there seem too many disparate choreographic elements for the good of the dance itself. Visually, the staging opts for

an approximate mediaevalism. The first act looks almost Arthurian, the lake a desolate reach of water, albeit more suggestive of Coniston in January than some High Gothic mere. The ball-room is a fan-tasy of white and gold pillars, candles, and a somehow shocking Madonna and Child (school ing large in the centre of the back-drop. The costuming has of staging always gets, when good taste is less abundant than sequins. There are ample draperies, cloaks, and the per-

sistent flash of lurex.

On Wednesday night 1 saw Vera Timashova as a decorous, competent Odette/Odile, and Vladimir Malakhov as a Siegfr ied of exceptional potential. Mr Malakhov is young, slim, long-limbed. His stage manner is as yet reserved, though promising of romantic intensity. His dancing is very fine, A huge jump, academic purity in style, a fine flow to movement, mark him as a talent of rare potential.

Praise also for two other male dancers: for Igor Teren-tyev's soft clarity in the first act trio, and for his elegant manners as Benno; and for Ilgiz Galimullin as the Jester. Jesters are an unlovely breed; young Mr Galimullin brings good bumour, wonderful virtuof Dirck Bouts, perhaps) loom- ishness to his activities. He has redeemed the role for me. From the company, abiding all the extravagance this sort enthusiasm for their varied

Clement Crisn

Pleasure Life

The Kyoto-based theatre company Dumb Type aims to "fill the gap between static visual arts and performance art dependent on written dia-logue." This sounds forbidding, but the 70-minute show in the Mall's temple to High Art is unfallingly intrigu-ing, sleekly attractive to look at, and engagingly performed by five young dancers who act, or possibly actors

Tohru Koyamada's striking set con-jures up a high-tech Elyshum with ser-ried ranks of — what exactly? Futuristic standard lamps or ashtrays?. Identical metallic framework-stands monitors brings up the rear.

Four summery white-clad figures

weave their way down, across or through these aisles. They stare towards us at some invisible TV set, flicking remote-controls and aping what they see, whether aerobics or romance. At one striking moment they charge down the aisles towards the audience to flashing lights only to be auddenly blacked out. The moni-

are variously topped with glasses of water, a transistor, a camera, cacti in pois and those fidgety chrome sculptures that feature in chic executive-tures that feature in chic executive-ture that feature in chic executive-ture catalogues. A row of television elegant red (Seiko Ohnchi) moves expressionlessly among them, an authority ligure - or a recording angel or the ubiquitous provider of convenience and confort, unacknow-

> The message is sometimes over-obvious. The four main performers joyously exclaim, "That's a perfect place for a party!" (the eventual sound of human speech comes as a joit), settle down for a picnic, eat a banana, take

a photograph and trudge off. The elegant Miss Obuchi appears with a remote-control toy digger which repeated unvaryingly four times. Finally the mechanical throb of the digger drowns everything.

If the ecological burden is predictable, the methods are stimulating and beautifully executed, thanks to Shiro Takatani's lighting and Tohru Yamanaka's sound. Ominous estinati, the sound of water, and the electronically distorted "I love you" - as mechanically repetitive as the dog-gerel one used to imagine in the rattle

of old railway trains - all add to the

The four actor-dancers are two couples: the Japanese Teiji Furuhashi, who also directs, and Misako Yabuuchi; and the western-looking pair, Katia Sazevich, a tall glamorous blonde, and the co-choreographer Joseph Houseal. Those for whom the term "performance art" conjures np the incoherent in pursuit of the incomprehensible could sample this and be happily surprised.

Martin Hoyle

Camden Contract Hire

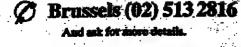
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BBC SSO

ALBERT HALL, RADIO 3

On the past two evenings, the BBC Scottish Symphony have been making their annual Prom visit with their conduc-tor Jerzy Maksymiuk. They began on Wednesday with the final exhibit in the Prom sequence of music prompted by Maeterlinck's *Pelleus et Meti*sande, Sibelius's scene-music Horn Concerto that Thea Mus-suite from 1905. Very good grave wrote for him in 1971. It scene-music it is, fixing moods has not suffered in the passage for key moments much like the of time; the relaxed musical ones evoked - more originally structure is always under disand elusively - in Debussy's creet control, the solo part still operatic setting. Much of it has a pleasantly lugubrious tread (there is more than one echo of the hackneyed "Valse triste") which is perhaps exaggerated in full-orchestra performance: the theatre-band for which Sibelius wrote must surely have had a frailer sonority.

were nicely flexible, and the cor anglais solo in the Mélisande movement was limined certante brass trio and the solo with delicate feeling. Later we woodwinds) and across space beard a smooth, reasonably (tha extra horns planted sprightly account of Mozert's A major Symphony, K. 201, and the strings were no less sympathan anecdotal, or at any rate thetic in Britten's cycle Les picaresque, that is no fault in a Rluminations. They lacked score that fills up a good 20 only the cutting brilliance that minutes with such pretty imagperfectly tant ensemble is mation and sturdy personality needed to achieve; no more did - and taps so well the Yvonne Kenny, the soprano resources of a sterling musisoloist, fling out Rimbaud's cian-virtuoso such as Tuckdazzling texts with the savage flair they deserve, though her musical command was secure and satisfying. In this cycle it

is feasible either to float the wocal line over a really seeth-ing orchestra (which the BBC SSO wasn't) or to tear into the words with relish, but I think there is no halfway house.

Another Australian soloist, Barry Tuckwell, scored the success of the evening with the seems a generous gift to a creative performer, and Musgrave's accompanying orchestral inventions still teem delectably. I suspect she began by noting the fact that the French horn has an uncanny bibelius wrote must surely knack for producing a distant ave had a frailer sonority. echo of itself, and proceeded Still, Maksymiuk's tempi from there to explore quirky ways of expanding the effect across other timbres (the conaround the hall). If the ultimate effect is less "symphonic"

David Murray

FINANCIAL TIMES

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Friday August 12 1988

Japan defies its critics

THE OECD, having strongly criticised West Germany's dismal economic performance, is surprisingly cool about Japan's recent remarkable progress. It concedes that domestic demand is growing at least twice as fast in Japan as in the rest of the world and that the current account surplus has been reduced by almost 1½ per cent of GNP. It notes that inflation is likely to remain subdued even though unemployment has fallen sharply. Yet it does not enthuse. Indeed, it devotes a sizeable portion of the survey to a critical analysis of Japan's structural rigidities and calls for a range of microeconomic reforms based on pol-icies adopted in the US and, to

a lesser extent, the UK.

It is easy to see why Japan's success might be a source of irritation (as well as relief) in the West. Many economists have been arguing since the early 1980s that traditional Keynesian macroeconomic pol-icies do not work. A fiscal stimulus and a relaxation of mone-tary policy, it is said, will do nothing to stimulate growth, but can be relied upon to stoke up inflation. The new wisdom is that governments should use tight macroeconomic policies to keep down inflation and strive to stimulate growth by removing microeconomic structural rigidities.

Limp attack

Japan, of course, has done the opposite. It has not lowered or reformed taxes significantly, and it has mounted, at best, an extremely limp attack on structural rigidities. The land, housing, distribution, transport and agricultural sectors remain largely unreformed. The transformation of the economy has been achieved almost entirely hy traditional macroeconomic means. The first step was to ignore monetary targets and lower interest rates, thus sparking a boom in residential construction. The second step, urged by Mr James Baker, the then US Treasury Secretary, was to push through an enormous fiscal stimulus.

The programme of public

works announced last summer constituted a direct stimulus worth at least 2 per cent of GNP. But it also, as the OECD

concedes, "had a major impact on confidence." Companies that had feared bankruptcy because of the strong yen were thus granted a guarantee of vigorous domestic expansion. As a result, husiness capital expenditure soared, reaching 19 per cent of GNP by the end of 1987, the highest for 17 years. Private residential investment was also exception-

ally strong, growing more rapidly than for 15 years.

Japan's experience ought to quell any doubts about the effiquell any doubts about the em-cacy of macroeconomic policy. Nor is there any reason to sup-pose that Japan's policy-in-duced expansion will prove transitory. All the swidence suggests that the domestic economy has been lifted to a bisher growth both and one higher growth path, and one which will prove self-sustain-ing provided nothing happens to undermine the confidence of the private sector. There are few grounds for believing that such a performance would have been possible had Japan, like West Germany, declined to loosen macroeconomic policy.

Unusual flexibility

In the circumstances, for the OECD to complain about the "rigidity" of Japan's economy seems almost a misuse of language. An economy that can shift almost overnight from religing on exports to religing reliance on exports to reliance on domestic demand is surely extraordinarily flexible. It is difficult to see an Anglo-Saxon economy, however free its internal markets, transforming its character with so little fuss. Jspan should certainly do more to promote competition in some sectors, most ohviously in agriculture, but the seriousness of some of the rigidities may be exaggerated. The OECD joins others in arging reform of the distribution sector. There is undoubt-edly room for improvement, hut the OECD's own figures show that value added per head is considerably higher

than in the UK.

These structural rigidities, while significant, appear to be offset by a social and industrial climate which permits rapid adjustment to changed economic circumstances. Japan's continued success suggests that it has much to teach the West.

Tony Walker and Lamis Andoni examine Jordan's challenge to the PLO

hen Mr Yassir Arafat, Chairman of the Pales-tine Liberation Organisation, received the news in Baghdad last week that King Hussein of Jordan was severing legal and administrative links with the West Bank, he was reported to be surprised and angered. He saw it as a further attempt by an Arab regime to exert pressure on his organisation.

PLO officials wondered whether the King, knowing that Israel would never allow the PLO direct access to its supporters in the occupied territories, was presenting it with a chalin Baghdad last week that King Hus-

ries, was presenting it with a chal-lenge it could not possibly meet — in the hope that the Palestinians would

turn back to him for help.
On the face of it, Mr Arafat had once again been caught in the shifting sands of Arah politics. But at the same time, his colleagues say, he recognises that Jordan's action also recognises that Joruan's action also gives the PLO an opportunity to assert itself at last as the exclusive representative of the Palestinians. Jordan's decision is, after all — say King Hussein's advisers with a veneer of candour — consistent with Arab and PLO demands for independent Palestinian statehood.

ratestiman statemood.
The PLO's "make or break" task, as one of its senior officials puts it, is to capitalise on the King's announcement and on the months of Palestinian riots in the occupied territories. The challenge is to convert the politi-cal gains of the first half of this year into something more substantial. There is no doubt that King Hus-

sein's latest manoeuvre - born partly
of frustration at frequent questioning of instration at frequent questioning of his motives in speaking on behalf of Palestinians — has presented Mr Arafat with one of the biggest tests in almost 20 years as PLO Chairman.

The question is whether Mr Arafat himself, or the organisation he controls, is in a position to seize the opportunity. There are many who doubt that either is, and within the PLO itself there are few illusions. "My worry," says a senior official, "is whether the PLO is ready."

King Hussein's gambit prompted serious discussions about the PLO's options at the Baghdad meeting of the Palestine Central Council. These options include the formation of a "government in exile", the unwelling

"government in exile", the unveiling of a new peace plan, and a unilateral declaration of independence in the occupied territories as a means of confronting Israel's refusal to talk to Palestinians associated with the PLO. There was also talk about involving the United Nations more directly in the territories, possibly in a trustee-

Proponents of a government in exile argue that such a step would help solidify the PLO administratively and give it more credibility as the sole interlocutor for the Palestinians. Such proponents include, significantly, Mr George Habash, leader of the militant Popular Front for the Liberation of Palestine (PFLP) - the PLO's second higgest faction behind Mr Arafat's

Their arguments are likely to carry more weight now that the PLO has been challenged to assume responsi-bility for the occupied territories. Pro-Western Arab states, such as Egypt and Morocco, have long urged the PLO to form a government in exile on the grounds that it would help attract international support for the Palestinian cause. PLO radicals, howsver, have always opposed the move because they believe it would dilute the organisation's effectiveness as a "liberation" movement, making it susceptible to pressures from inside and outside the Arab world. Would a so-called government in

exile be in a position to wage armed struggle?, ask the hardliners. And would it not be easier for hostile states to force concessions from a rel-

Once again caught in shifting Arab sand

atively formal body before any peace process got under way?

Earlier this year the PLO looked at the option of a government in exile, but was unable to reach agreement. At the Baghdad meeting, a legal and political committee was established to review the arguments on both sides. One vital question confronting the committee is the membership of a

government in exile. The appearance of Mr Arafat and his closest PLO associates on the "front benches" of such an organisation would defeat its purpose, if its aim is to present a more acceptable Palestinian face to the nervous West, and particularly to the US. A senior PLO source said that the formation of a dual party and state structure is being considered that would leave Mr Arafat in overall control, but would include, in prominent positions in the provisional government, Palestinian moderates well-known in the West. One name mentioned is that of Dr Edward Said, a respected Palestinian-American academic, who is close to Mr Arafat and a member of the Pales-

tine National Council (PNC), the Palestinian parliament-in-exile, the

Jordan's action gives the PLO an opportunity to assert itself at last as the exclusive representative of the Palestinians

movement's supreme policy-making body. Dr Said has already met Mr George Shultz, the US Secretary of State, and would presumably be State, and would presumably be acceptable to members of the next US Administration.

A question being asked in PLO circles is whether Mr Arafat himself would be prepared to step back, momentarily, to allow the emergence of new Palestinian interlocutors. Among other options raised in Beghdad was confederation with Jordan, allied with the formation of a provisional government, as a means' of overcoming the organisational problems caused by the King's decision to disengage from the West Bank. This was mentioned briefly by Khaled al Hassan, a leading moderate and architect of the now defunct February 1985 Amman accord linking Mr Arafat and King Hussein in a joint peace initiative. This step would not conflict with the wishes of the PNC which, in repeated resolutions demanding independent statehood.

has called for a confederation with

There are those within the PLO who argue that the organisation should not be stampeded into a hasty response to King Hussein's decision: people in the occupied territories are used to hardship, they say. If King Hussein adds to these discomforts — as he has by discontinuing the salaries of former Jordanian government employees in the territories — then such steps might rebound on him. He is, after all, the ruler of a country in which roughly half of the approximately 3.5m residents are of Palestinian descent. There are those within the PLO

for Mr Arass, these are difficult times. Any advances in the past year have been matched by set-backs. A PNC meeting in Algiers last year ended a period of internecine struggle by unifying the main PLO factions, helping to solidify the PLO voice in Arab councils. But for most of 1987, the Palestrian forms year forced to the Palestinian issue was forced to take second place to the Gulf War among Arab concerns. An Arah League summit meeting in Amman last November, hosted by King Hussein, virtually ignored the Palestinians, infuriating Mr Arafat and his senior advisors.

Within weeks of this summit — partly as a consequence of the snuh delivered to the Palestinian cause nts of the occupied territories rose up against Israeli rule, and forced the world, including Jordan, to focus attention once again on the Pal-

estinian issue.

Eight months later the uprising continues with surprising intensity. In the meantime, in June an Arab that while he remains a potent symbol of Palestinian aspirations, the intifada – as the uprising is known in Arabic. But so far a promised one off payment of \$128m (£75m) plus \$43m a month has not

Reaction to the King's decision has been much more favourable in the occupied territories and in the refuges camps of Jordan itself - where the camps of Jordan itself — where the inhabitants are most directly affected by the King's announcement — than among middle-class Palestinians. Many of these are prosperous long-term Jordanian residents, made nervous by the implication in the King's statement that distinctions will now be much more sharply drawn between East Bank residents of Palestinian origin and their cousins in the occupied territories.

occupied territories.
"Jordan is not Palestine," said King
Hussein emphatically; his message
was aimed not only at right-wing
opinion in Israel and the US, but also at Palestinians who might entertain

other ideas. For Mr Arafat, these are difficult



Mr Arafat almost certainly has Mr Arafat almost certainly has cause to worry about the practical support hs can expect from Arah states if he decides to fashion a new PLO. His fighters were recently ousted from most of their strongholds in Beirut's southern suburbs by Syrian-backed rebels of his own Fatah faction and he is great of a "company". an-backed rebeis of his own Facal Ex-tion, and he is aware of a "conver-gence" of views between Amman and Damascus, antipathetic towards his leadership. He must also be wonder-ing whether the King cleared his actions with other Arab States before

taking them.

Many observers believe that Mr Arafat's leadership style presents an obstacle to the PLO's metamorphosis. into a more purposeful organisation. His endless manoeuvring among the various PLO factions in an effort to maintain a semblance of unity — a difficult task because the competing factions have conflicting aims and ideologies — has diminished the

organisation's credibility.

The challenge now for Mr Arafat is to fashion a political programme that will both satisfy the PLO's obligations to its constituency inside and outside the occupied territories and permitthe unambiguous acceptance of UN resolutions, implying acceptance of Israel's right to exist. Acceptance of those resolutions holds the key to PLO's full participation in international peace efforts. Mr Arafat's colleagues will be asking whether he can meet this challenge — a question that will gain in intensity during the prep-arations for a meeting of the 450-mem-ber PNC, scheduled within a month. The PLO Chairman must be aware fada is helping to forge a new and younger leadership of almost mythi-cal character within the occupied ter-

ship can say it is helping to ship can say it is helping to co-ordinate the uprising, but it cannot be sure that it controls it. All the more reason, argue some of Mr Arafat's associates, for the PLO to take the initiative in reconstructing its organisation and in formulating a new political programme.

Mr Arafat has recently exhibited impatience at the lack of progress towards a resumption of a genuine peace effort in the Middle East. He is, according to associates, conscious of THE SALING MENDERS AND A PARTY.

peace effort in the Middle East. He is, according to associates, conscious of the PLO's failure thus far to convert the gains of the popular uprising into a political programme that would help bring the organisation closer to participating, on equal terms, in a dialogue on a settlement of the Arab-Israel dispute,

A document circulated recently by Mr Bassam Abu Sharif, one of Mr Arafat's closest addes, canvassing a "two-state" solution to the Middle East dispute (an independent Palestinian state alongside Israel), was seen as an indication of the PLO chairman's desire to hasten the

chairman's desire to hasten the debate. The Abu Sharif article excited considerable interest in Israel and the US as evidence of a new trend in PLO thinking.

But in recent weeks, the Abu Sharif line has been strongly criticised in PLO circles because it made no reference to the right of Palestinians to return to their homes inside Israel itself. Continuing differences over a peace strategy indicate that Mr Arafat will not have an easy time forging a new consensus about how to deal with the Jordanian challenge. with the Jordanian challenge.

The meeting of the Palestine Central Council that has just ended in Baghdad recognised the dangers of disunity, according to a participant.

"We either agree on a unified political goal," he said, "or continue falling into a mess of contradictory remarks and infighting."

When the 'core' is disposable

AT FIRST sight, this week's announcement that the Inter-Continental hotel chain is up Inter-Continental is overdue. for sale looked like a conven-tional move "back to basics" hy Grand Metropolitan, the UK brewing and food group which acquired it in 1981. The reality is more complex, and raises similar issnes to the asset reshuffling which in the US has exposed General Blectric and others to widespread criti-

Like a stream of other com-panies on both sides of the Atlantic, GrandMet has undergone major surgery over the past few years, as a new top management has disposed of a string of businesses inherited from the days when hroad diversity was deemed an automatic virtue. On the day of GrandMet's announcement the British TI group was trumpeting the henefits of having sloughed off its hicycle and domestic appliance interests in ered marginal. His approach favour of concentration on a has been attacked for breeding

growing acceptance by corporate management of the dangers of owning businesses to which it can add little value because their characteristics are unfamiliar to it, and because they require a man-agement style which differs too greatly from its other husinesses. As countless companies have found in the last few years, falling into this trap is one of the surest ways to attract the attentions of a break-up specialist.

Limited repertoire

The notion that the corporate centre can, with any degree of effectiveness, perform only a limited repertoire of roles has made most headway in the US and Britain, where the market for corporate control is most fully developed. In continental Europe, grandscale diversification of the kind practised by the Anglo-Saxons in the 1960s and 1970s is still widespread. But the recent empire-huilding of Daimler-Benz has drawn attention to the managerial strains involved, and the raids of Mr understanding of what their Carlo de Benedetti and others strengths are and a commithave underlined the risks to ment to those husinesses banks and industrial companies of trying to run too relevant.

Hotels require very different managerial skills from Grand-Met's food and drinks husi-

Yet the issue of distinguishing between "core" and "periphery" is not an easy one and companies have been known to transfer businesses from one category to the other on an arbitrary or opportunis-tic basis. The result can be a constant buying and selling of assets which leaves investors and employees unclear about the long-term direction of the

Breeding fear The chairman of US General

Electric has for several years differentiated in public between his long-term "cores" and those which are considset of specialised engineering fear among the managers of the peripheral businesses, but at least they do not suffer from a false sense of security.

The GE line has not been entirely consistent: a few husinesses have been moved from "core" to periphery, but usu-ally this has been well adver-tised and explained to every-one concerned. So has its addition of several new "cores," through acquisitions in television production and financial services - moves which have laid it open to criti-cism for building an unmana-geable and shifting conglomer-

All companies have to evolve and it may sometimes make sense to dispose of activities which have traditionally been regarded as "core." It is also important that, in the process of concentrating their efforts, companies do not neglect the option of returning surplus cash to shareholders, rather than keeping their empire as

big as it was before.

A continual questioning of one's portfolio and direction is a very necessary discipline, but not many companies can moti-vate their employees or pros-per in the marketplace unless where their strengths are most

Few insurance executives can claim to have combat experience. One who does is 34-

year-old Ronnie Ben-Zur, the Israeli businessman who resigned last week as chief executive of PWS, the middle-weight Lloyd's broker, after taking responsibility for a disastrous £3m purchase in the US.

Ben-Zur fought as an artiller-yman in the Yom Kippur War.

Ben-Zur in

battle

His war record may prove useful in what threatens to be an acrimonious battle for PWS: which, as it happens, is 42 per cent owned by a Cayman Islands trust set up for the ben-efit of Ben-Zur and his two sisters by their redoubtable mother Shoshana.

The family is deciding whether to sell out, or try to reassert control. Aside from Ben-Zur and his mother, the key people involved in deter-mining PWS's future are Mal-colm Pearson and David Springbett, who founded the company in 1964. Ben-Zur himself – a slight-ly-built, bespeciacled million-

aire - was noticeably relaxed as he lunched this week at London's Inn on the Park (a change from his favourite eating place, Le Gavroche). "Two had four joh offers since I resigned," he says. He dis-misses as "an in house PWS joke" the suggestion that he will stand for the Israeli Knesset, though he is keenly inter-

ested in politics. One reason why he might be well-advised not to return to PWS is that he was never popular there:

At the lavish cocktail party PWS throws for reinsurance contacts in Monte Carlo each September, he was charming. In private, his abrasive style bruised the feelings of subordi-nates. Former colleagues say he was a temperamental employer who retired to bed for days after losing the takeover battle for Lloyd's broker C.E. Heath.

OBSERVER

Slow Boat

■ A hanson, I learn, is not only an aggressive form of UK con-glomerate hut also a flat-bottomed Korean sailing boat whose history dates back to

the Middle Ages.
According to the latest issue of Korea Newsreview, hansons are making a comeback on Korean rivers. A cover story article informs us that "these boats sail almost entirely with the wind. While it is almost impossible to bring these ships about, they can and do turn to bring the wind first on one consists and then on the other. quarter and then on the other by changing the direction of the sails."

Perhaps the most intriguing thing about the hanson is that it "was not the result of a single flash of inspiration but, like most great inventions, a development or combination of pre-existing ideas."

In London, Hanson's deputy that was the laws of the laws

chairman, Martin Taylor, said this was the first the company knew of its Korean connection "It sounds as if we're a little more fast-moving than a han-son," he said.

Hegde clipped

■ Mr Ramakrishna Hegde's signation as chief minister of the south Indian state of Karnataka after a controversy over the tapping of his political opponents' telephones must minate for some years the chance of a non-north Indian becoming a future prime minis ter of India, a post which has so far usually been held by a person with a base in the key Hindi-speaking heartland in the north.

Hegds became chief minister of Karnataka in 1983 following the unexpected victory of the Janata party in state elections. But although he was an able administrator, he was, like many other Indian chief minisin lawyer whose nicknames



"I'm afraid your luggage is in Augola, gentlemen."

fers, tainted by allegations of corruption. Hegde always wanted to make more of a mark on national politics, and he actu-ally resigned as chief minister a year ago to make this possi-ble, apparently because he wanted to stake his claim to

the leadership of any opposi-tion coalition that came up. But he cannot now hope to head the newly-formed National Front of seven opposition parties which was launched last weekend as an alternative to Mr Gandhi's ruling Congress-I. Since Hegde is a prominent member of the National Front's presidium, his resignation also marks a setback to the new coalition's commitment to cleansing the murky Indian political scene.

Mac's tracks ■ Donald Stovel Macdonald. appointed to be the next Canadian High Commissioner in London, is a towering 6 ft 5

include "Timmper" (after Bambi's rabbit friend) and, predictably, "Big Mac". He also happens to be one of the most influential of all Canadian post-war politicians. Sixteen years a member of Parliament, he was often seen

as the heir apparent to Pierre
Trudeau and gained a reputation over the years as something of a troubleshooter.
There are few senior cabinet postings ha has not held. As energy minister, he presided over the creation of Petro-Can-ada, the huge state-owned oil company. As defence minister, he watched as the army patrolled the Montreal streets, following the suspension of civil liberties in 1970.

civil liberties in 1970.

At his peak — aged 45 —
in 1978, Macdonald stepped
down to devote more time to
his family and return to legal
practice. But he was back in
the public eye four years later,
when appointed to chair the
Royal Commission on the
domestic aconomy. domestic economy.

It was only at this point that Macdonald became convinced of the economic benefits to of the economic benefits to Canada of striking a free trade agreement with the United States. He has since argued consistently in favour of such a deal, despite Liberal opposition to the agreement which was eventually stitched together this year by Prime Minister Mulroney.

If was perhaps this conviction which best qualified him for the High Commissioner's job in the eyes of Mulroney.

job in the eyes of Mulroney. The Prime Minister faces an imminent general election on the issue, perhaps as soon as Macdonald takes up his post in October.

Well connected

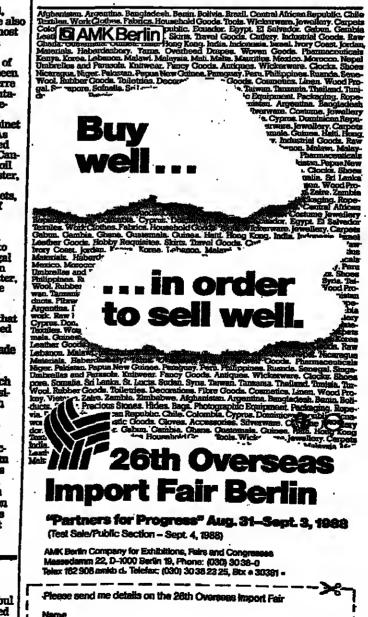
A reader recently in Istanbul reports that a brochure issued by his hotel includes the claim that it is "within travelling distance of all parts of the world."

Company

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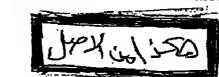
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A CONTRACT OF THE PARTY OF THE



Teresa McLean contemplates English cricket at the nadir of its fortunes

Sticky wicket for any bowler

1755: "Cricket. A sport at which sticks or bats in opposition to

English Public's Appendix 1988: "Marked by a ritual mas-sacre of England by the West-Indies every two years."

nblic opinion has always been critical of the pronouncements made by cricket's official institutions, about test, county and every other kind of cricket. Quite right too. Official pronouncements, like official policies, are there to be over-shadowed by actual play, with its accompanying chorus of folk wisdom from spectators, journalists, commentators and veterans remembering the glo-

rious days.

The gap between public and official opinion is always widest over current problems. This summer English test cricket has been so bad that the English sense of humour has indulged its fondness for tragedy by pillorying players and institutions alike. England's team manager and selector Micky Stewart aban-doned the traditional reserve of generations of beleaguered

The trouble is not so much that the selectors are an exclusive clique, rather that no one in his right mind would be a selector

selectors and agreed with his critics after the Headingley test that England had been "stuffed out of sight." Momen-tarily united in defeat, public and official opinion are now going their separate ways in the post mortem stage, looking for answers to the problems. Evaryone agrees that English test cricket does have problems, grievous problems. It is becoming increasingly popular to blame a lot of them on the selectors, a view to which the selectors are accustomed, even resigned, but with which they are hardly likely to agree. Until 1899 the English team was selected by the team on whose ground the forthcoming match was to be played, a system that plenty of local patriots would consider prefer-

able to the one now in use. .

the same of the type of the

roday's selectors for home series are appointed by the Test and County Cricket Board (TCCB), the main managing body of English professional cricket. It is run by former cricketers – the present chairman is Raman Subba Row, an old hand at playing and administering the game – and it has two representatives from each county at its biennial meetings. How much notice it takes of their recommendations about selectors is doubtful. The present selectors are Peter May (chairman), Fred Titmus, Phil Sharpe and Micky Stewart, chosen because they used to be test cricketers.

The trouble is not so much that the selectors are an exclu-

that the selectors are an exclusive clique, rather that no one in his right mind wants to be a selector, so remote figures like May, whose relations with his chosen players and with the media are distant, find themselves asked to take the job and feel obliged to accept. Selectors are paid for each day they spend on selection duty they spend on selection duty and they get a lump sum to cover the season's work. But it is more like an expense allow-ance than a living, and it is not surprising that May takes ref-uge at his work at a City insur-ance brokers, while scalp hunt-ers rightly deplore the fact that he is not at every minute of every test match. every test match.

Surely the time has come to appoint paid selectors, who could devote thamselves entirely to the job in hand, going to county games every day of the week, not just at weekends, and spending more time with county captains, players and coaches and also with umpires, an invaluable source of inside information on the game. Professional selec-tors would have a better chance of getting a relaxed relationship with the professional players they have cho-sen, especially if they were able to be with the team throughout its tours, home and

Unfortunately, the upper reaches of cricket government in this country, of which the TCCB is a bastion, have more than a touch of the Scott of the Antarctic approach to adversity. The more critics insist that changes should be made, the more doggedly they "keep on continuing," as one despair-ing cricket fan put it. Peter May is unlikely to resign as long as journalists keep saying

ing that research.
Our method is to establish

patent or copyright protection and then to seek licensees capable of launching the inven-

tion into relevant markets. Royalties flowing from a suc-cessful market launch are (sub-

ject to recovery of our costs) then shared with the inventor.

In some cases, funds are invested in relining the inven-

tion to improve its licensing prospects. In a small minority

of cases it is considered desir-



rogramme. The NCA has a devoted staff,

ogy, the protection of intellectual property and the effective licensing of resulting patents and copyrights to industry. Our objective is to

refine those skills and apply them effectively at the inter-face between the research and

All investments by us are a

means to that prime objective. They should not be confused with the valuabla but different

service provided by the ven-ture capital markets. Colin Barker,

Chairman, British Technology Group, 101 Newington Causeway, SE1

Given the awesome conse-

inescapable logic of trusting our futures to "the market"?

industrial communities.

He and his colleagues maintain that the real problem is not the administration, but the talent famine in the game itself: there simply are not enough good county cricketers.
They have a point. Stalwarts of league cricket have long been saying that England should use a league system of selec-tion; with talent spotters picking the good players who are to be found in leagues, clubs and minor counties.

There is a depressingly familiar ring about the require-ments of such a system: money, much more of it than is devoted to selection and non-county cricket by the adminiscounty cricket by the adminis-tration at the moment; a revised system of organisation. that would narrow the gap between club and county cricket and help club get better playing and coaching facili-ties, and, arguably the biggest problem of all, a more broadminded and enterprising attitude on the part of the manage-ment. These requirements do not look like being met soon. The MCC's attitude to change is like that of the old judge to whom someone suggested that his field of law needed reform. He replied: "Reform? reform? Aren't things bad enough

County cricket is the only road to test cricket, but for the vast majority of county cricket-

street-wise in cricket, based in offices at Lord's cricket ground country fame is on a small scale. The average crowd each and longing with little hope to be given the extra help and money for which they hava been waiting since the associaday of a mid-week county match at Canterbury is about 1,300, at Edgbaston about 1,000. Sometimes, of course, attendance is far higher - this year's Canterbury Week had record crowds and took over £26,000 tion was founded.

Keith Andrew, the NCA's chief executive and director of

coaching, has developed a for its two county matches, which averaged nearly 5,000 fatalistic resignation, still twin-kling intermittently with optiattendance every day, and its mism, about the possibilities of mism, about the possibilities or his job. "Schools are where it counts most, and comprehen-sive schools do nothing to encourage cricket. Their game is football. Until we get more enterprise, money and man-power, all we can do is hope that things will change." Sunday one-day game. But usu-ally, three and four day county cricket has to fight hard to hold its own against one-day games, which get 7,000 at Can-terbury on Sundays, and against test matches. The averagainst test matthes. The average crowd each day of an Edg-baston test is 17,000, with a full house on Friday and Saturday. The MCC has woken up to that things will change."
Things are unlikely to

change from the bottom up without help. The English Schools Cricket Association has been trying, since its founthe need to encourage club cricket. In 1965 the National Cricket Association was founded to provide coaching, dation 40 years ago, to help schools interest their pupils in founded to provide coaching, grant aid, equipment and good wickets for clubs and to try and involve young people in cricket. Gubby Allen, a noble old MCC guiding light, declared: "NCA has a grave responsibility. In its hands lies the future of the game." The pity is that it is the MCC's charity group, the Lord's Taverners, not the MCC itself, that provides the money for this cricket. Poor, heroic associa-tion. The few comprehensive schools where there is any interest have poor facilities for play and it is left to the county, the local authority or the National Association of Young Cricketers to provide them. The number of indoor schools is increasing and, here and there, institutions like the London Community Cricket Assoprovides the money for this ciation and Haringey College provide coaching for inner city in a long-term possibility with no dazzle such as urban, club or young cricket, and unheard of to find commercial money in school cricket. You have to be a diehard optimist to believe that school cricket will soon be flourishing, or even holding its own against football. Even if it manages that,

boys. None of these institu-tions is funded by the MCC. Sponsorship is becoming an

important source of income for

sporting organisations, but it is rare to find sponsors investing

Even if it manages that, school leavers have a large gap to cross before they reach the world of county cricket youth schemes and training camps. With a few honourable exceptions such as Yorkshire, English counties, like English test selectors, would have more talent to choose from if they extended more tentacles into extended more tentacles into the outfield of the game. In the improbable event that

the counties start coming out with dynamic recruitment policies, cricketers will not neces-sarily want to join np. The rewards of test and county cricket are the ultimate mixed blessing. Fame means persecu-tion by newspapers and televi-sion — ask Gatting— and the destruction of family life. "Family life, you can forget it, oh dear, forget it," mourned Ole Mortensen, Derbyshire's Danish bowler, after only the first game of the season. Half the year is non-stop

Half the year is non-stop busy, half the year is either unemployed or submerged in the pressures of touring or taken up with jobs connected

with cricket. Paul Downton, the Middlesex and England wicket-keeper, is a stockbroker, but he is exceptional. When cricketers retire they usually work for their old county or league in some administrative or coaching capacity, run sports shops, coach at schools or clubs or become cricket journalists or

It is no joke retiring early when you are young enough to work for 20 more years, Fred Rumsey, the old Somerset and England fast bowler, became a travel agent. But the most enterprising and arguably the most appropriate retirement job belongs to Denis Amiss, the Warwickshire and England opening bat. He retired after a long, hard batting career and is now director of research and development, acquisitions and public relations for the coun-try's biggest funeral directors.

Lombard

Why the Party is not over

By John Lloyd in Moscow

civil society possible in the Soviet Union? Any such concept was pul-

verised by Stalin in the 1930s. Every kind of independent strand of national life was organised in conformity to a single will.

Now there exists an implicit promise: that within the reforms set in train since 1986 by the Gorbachev leadership, the development of independently functioning institutions and independently generated ideas can occur.

If enterprises are to be (as they have been told to be) self financing, and if co-operatives are to develop entrepreneurial habits, and if both are to form links with foreign companies, then we might see the gradual deepening of a non-state business culture. Further: if enterprises do

develop separate, profit-driven interests, then the stodgy and complacent unions will have to do some real representational work. Officials trained in Marx-ism-Leninism cannot have failed to note that the development of a more market-ori-ented infrastructure should, in theory, produce a more diverse, fragmented superstructure.

On the political and cultural side, there is now some discus-sion on the matter of civil society. An article by Mr Andranik Migranian, the historian, in a recent issue of the journal Voprosy Filosofii, cedes the point that the development of Soviet society had reduced "al-most to zero" the space for spontaneous activity. More: he admits that in western societ-ies the state is held in check by "diverse social institutions under the active control of individuals", and that individu-alism has its positive side.

Last week Mr Leonid Ionin, deputy director of the Institute of Culture, went even further. Writing in New Times, he points to the irreconcilability of real civil rights with a state where the law courts are not independent - and calls for trial by jury and the appointment of judges for life. The dominance of the Party in every sphere of

S THE development of a out. Most remarkably, he suggests that this was impossible to change "while remaining as it is within the framework of a one party system. He even suggests that logic presupposes a multi party system - or the democratisation of the present one. (Reality setting in, be set-

The multi-party system is, of course, still ruled out, not just by the "conservative" number by the "conservative" number two in the Polithureau, Mr Yegor Ligachev, hut also by the "liberal" number one, Mr Gorbachev, For those intellectuals of a dissident persuasion – and the handful I have met are, to a man, deeply sceptical of real change – the only hope is for the emergence of multicandidate elections to Party and to reformed Supreme Soviet; thereafter, logically, the development of separate plat-forms and, hence, distinct parties. But for the moment discussion on multi-candidate elections seems to be confined to local, as against national,

organs of power.

A telling index of the pre-vailing cast of mind is to be found, ironically, in a recent declaration of the public commission on human rights, headed by Mr Fyodor Burlatsky, a commentator close to Mr Gorbachev. It appeals for amnesty of all prisoners con-victed for religious "crimes". In doing so It draws to the attention of the Praesidium of the Supreme Soviet that reli-gious creeds are "patriotic"; "the overwhelming majority of believers accepted perestroika and make a considerable contribution to the implementation of plans of the country's social and economic develop

In short, discrimination against the religious should cease because the religious had proved themselves reliable.

"These people", said the declaration, "no longer pose any social danger to our society".

This is not a recognition of an independent civil society in a western sense: it is a concept of "guided" civil society, under the leading role of the Party. It is not a case of rights being possessed, but of being granted life has meant that individual for good behaviour. For the initiatives were simply snuffed moment, the Party leads.

LETTERS

High tech venture capital is not BTG's business

From Mr Colin Barker.
David Sawers argues (August 10) that a gap still exists in the venture capital market for low value, high risk investments in high technology. He uses this assertion to argue that the British Technology Group (BTG) should not be privatised but should be "improved" - presumably to address the indicated problem.

The fact is that BTG is not in the business of providing ven-

ture capital. Our role is to promote, on a wholly commercial basis, the transfer of technolbasis, the transfer of technology from researchers to compercial and manufacturing market. In those circumstances

From Mr Max Dixon.
Sir, Mr Jon Parker (Letters, August 2), refers to the need for a strong regulatory framework to ensure that private electricity companies cater adequately for environmental problems.

It is disturbing that the Energy select committee of the House of Commons, in its recent report The Structure, Regulation and Economic Con-sequences of Electricity Supply in the Private Sector, should projects originated on mainly

that a proper assessment of the

impact of the reforms on food production must walt until well-substantiated results have

We have recently heard con-

tradictory reports about the

situation on the Soviet food

market. On the one hand sta-tistics show definite growth in output and consumption of

most farm products. On the other hand we read that the

problem of food supplies to the population remains acute, with

frequent interruptions in sup-

plies of potatoes, vegetables

and fruit; that the variety of fruit and vegetables offered for

sale is meagre and often of poor quality. This issue was dealt with at length by Mr Mik-

hall Gorbachev in his report (July 29) to the plenary meet-

many reservations about being able to achieve a "level playing field", given the lack of detail in the Government's privatisation proposals and the tight legislative timetable. New entrants particularly need equal treatment with "Big G" and "Little G" in planning con-

More fundamentally, how-

From Mr Lev Voskresensky.

Sir, I agree with John the Soviet Union (CPSU) can the Party congress, but its success of this year's harvest in the Soviet Union with the effects of economic reform and new initiatives by farm workers (August 5). However, I feel that a proper assessment of the soviet in the term of the soviet Union with the ers (August 5). However, I feel that a proper assessment of the soviet Union (CPSU) can the Party congress, but its backbone remained unchanged. Thus it was a compromise between the old stream and the new methods, but a compromise heavily has hardly improved at all.

This is presumably a truer picture of the situation than the
well-belanced official statistical

> Does all this mean that the current drive for perestroiks in the Soviet Union has stumbled over the food counter? Or that the path of economic develop-ment, mapped out in April 1985, and confirmed later by the 27th CPSU congress, which adopted the draft Plan for 1986-1990, was erroneous? Both questions invoke one quite def-

inite and firm answer: No.
Then what is the problem? It is useful to recall that the initial draft Plan was hammered out at a time when the command-style system of administration and management reigned supreme. Tha

organisations capable of utilising that research.

Our method is to establish by the continuous of the continuous capable of utilising the Both these types of investment are seen by us as tools to support our prime activity of technology transfer. Over the past three years, BTG has invested £27.5m in projects of all types. Less than £5m of that total was invested in compa-nies and therefore loosely comparable with venture capital

> We do not see ourselves as a venture capitalist organisation. Our skills are in the assessment of the commercial potential of innovations in technol-

Privatisation should take account of the environment

which has been able to negotinon-environmental criteria (principally current and estiate a lower gas price? mated prices) can get over cer-tain problems in terms of envionences of the "greenhouse effect," when are we going to allocate shadow prices to the environment? Is this not the

ronmental control. There is no mechanism for any form of regulation to take account of the overall environ-mental effects of different ways niar end-user requirements.

of using energy to meet partic-Should we burn gas in our homes - or use the electricity generated by some company

35 Palace Square, Crystal Palace SE19

Improving Soviet Union food supplies will take time

based in favour of the former. As a result, the vicious circle of rigidly centralised planning, and strong constraints on farmers' initiative and enterprise, was never broken, so the current food situation is not surprising. Moreover, it was foreseen by senior officials that we were in for a rough period because it was a time of transi-

Now that we are halfway through the current five-year Plan, its chief result seems to be in the accomplishment of political, intellectual and legal prerequisites for a transition to the socialist market economy. And - no less important, as John Lloyd recognises - there have emerged in rural areas groups of workers prepared to work hard to translate the ideas of the socialist market into the language of business. These are people who work on the basis of contract-farming and land-leasing, and who set up production co-operatives based on khosraschot, a combination of self-management, cost accounting and financial independence.

Thus we have I believe created the necessary prerequi-sites for substantial change, and workers with a new mentality. On sober reflection we have to admit that we could not hope to have achieved more than that. When will we see real

improvements in the food situation? I predict not before the beginning of the next five-year Plan (for 1991-1996) at the earliest, and then on condition that farmers are rid of the current system of administration by fiat and red tape, impeding their initiative and enterprise. Lev Voskresensky, 4 Zubovsky Boulevard,

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FINANCIAL TIMES

Friday August 12 1988

At the same time they are laying the foundations for a

joint manned mission to the moon early next century, where scientific apparatus to monitor the solar system could

of international affairs at the US National Aeronautics and Space Administrations, said he was encouraged by the discussions. "The dialogue is beginning," he said.

The first programme could be a scheme to put an instrument developed by Nasa for monitoring the ozone layer into space, using a Soviet rocket.

rocket.

Over the past year the ozone layer has been the subject of intense study by scientists. It is thought that it is being partially destroyed by chlorofluorocarbons, gases used in aerosols, refrigerators and insulating materials.

The instrument could be mounted on a Soviet satellite and put into polar orbit as early as 1990.

Mr Barnes said both sides had agreed to the idea in principle — although the engineering specifications of linking US and Soviet hardware had still to be worked out.

to be worked out.

The instrument is a copy of an existing space sensor, called the Total Ozone Measurement

Because of a shortage of launchers, Nasa would be unlikely to get the replacement

into space using its own rockets until the mid-1990s.

A second scheme under dis-

cussion involves sending a package of scientific experi-ments to the moon, probably early next century, with astro-nauts from both countries.

m, that Nasa already has



Iraq accuses Iran of missile attack

By Tony Walker in London

RAQ yesterday accused Iran of shelling its military posi-tions on Tuesday and Wednes-day near the Shatt al-Arab waterway, where the Gulf war broke out nearly eight years

A statement by Iraq's UN mission said the Iranian armed forces bombarded Iraqi military positions of the Third Armed Crops Sector with howitzer projectiles, mortar shells, and small missiles. The area referred to is near Iraq's on Monday when Secretary
General Mr Jevier Perez de
Cuellar amounced August 20 as the cease-fire date in the war, Iran gave him a pledge that it would not launch any attacks before that date. But Tehran complained on

Wednesday that Iraqi jets had violated Iranian airspace and violated framan airspace and and buzzed Iranian cities in the south-west of the country. Earlier the five permanent members of the United Nations Security Council were urged



Perez de Cuellar: Given pledge by Iran

by Mr Perez de Cuellar to help fund the proposed Gulf war peacekeeping mission which is due to start monitoring a ceasefire on August 20.

the Soviet Union – had "a duty to pay for the conse-five permanent members – the quences of your decisions." The Security Council voted

unanimously on Tuesday to space talks authorise the formation of a 350-member monitoring group to be despatched to the Iranare discussing an unprecedented joint space exercise that could increase scientists' understanding of the depletion of the ozone layer — the mantle of gas high in the atmosphere that protects the earth from harmful radiation.

At the same time they are

In New York, it was announced yesterday that Maj-Gen Slavko Jovic of Yngo-slavia would command the observer force, some of whose members are already on their way to the battlefront. The UN peacekeeping operation is expected to cost \$74m in the first six months

The UN is in serious financial difficulties. Arrears on payments by individual com-tries amount to about \$500m, two-thirds of which is owed by inomics the solar system could be set up.

These proposale have emerged in high-level talks on collaboration in space and are a result of the two powers' warmer relationship over the past two years.

Mr Richard Burnes, director of international affairs at the US National Agronautics and

in Tehran yesterday, a five-man UN unit, headed by a Canadian colonel, held talks with Iranian officials on ways to implement the ceasefire. At the same time, Mr David Reddaway, a British diplomst, headed for Iran to discuss a range of issues, including the plight of hostages in Lebanon. Mr Reddaway, 35, will be the first British diplomat in Iran since the two countries down-graded relations to June, 1987.

US, Soviets in joint Mixed messages from Big Oil By Peter Marsh THE US and the Soviet Union

It almost goes against nature for the BP and Shell share prices to behave differently on interim results day, so one would assume there were some pretty solid reasons why Shell's shares fell 290 and BP's rose 3p yesterday. In BP's case the explanation is good the explanation is good enough. Not everyone had dared hope for a higher divi-dend; and even though the

dent; and even though the extra is less a reflection of a particularly strong first half than the need to prevent a large fall in the return to US investors, a prospective yield of nearly 7 per cent is hard to arrow with.

for Shell, the reasoning is more flimsy. Although its profits were about £100m lower than expected, a large number of odd items and events beyond or one mems and events beyond the company's control made up the difference; in particular, low gas sales which will be largely made up later, and a higher tax charge in the North Sea. The underlying picture that emerges from both compa-tion is the course low of mises that emerges from took compa-nies is the same: low oil prices hurting upstream profits, higher margins downstream making up some of the dam-age, and the difference made up by the continued boom in commodity petrochemicals, with a repeat performance

with a repeat performance likely in the second half.

Of the two, the market regards BP as the exciting one, and has looked on its recent moves with approval. However, the master plan to diversify into murition and the \$500n purchase of Purina Mills is been purchas to look questionable. beginning to look questionable.
For such a major division, a
first quarter profit of £3m and
second quarter loss of £3m is
clearly unsatisfactory.

Racal Racal management should be able to sleep more peace-fully, now that those masty predators at Cable and Wireless have skulked back into the undergrowth and the institutions are falling into line behind the planned float of a minority stake in Vodafone. The fact that the Vodafone plan was rushed out in order to pre-empt a possible C & W bid. pre-empt a possible C & W bid, or that Millicom's alternative plan for a full demerger may shareholder value, appears to have been conveniently forgotten. At the end of the day, managements can still count on a surprising amount of institutional loyalty, even though this might not always

be in their best interests, and Racal has been exploiting this

for all it is worth.

The sale of the C & W stake suggests that it has given up hope of exploiting any institutional revoit over Racal's plans for Vodafone; and, anyway, has sensed that the City would not be impressed if it were forced to offer the £4 plus per share for Racal which would be necessary if it wanted to be taken seriously. Of course, there is nothing to stop C & W coming in with a higher offer of its own for Vodafone, after Racal management has put a price tag on it, since this is the only bit of the business it really wants. However, this is probably stretching the imagination.

RHM/Goodman If the exchange of offer and efence documents marks the

defence documents marks the first formal round of the Goodman/RHM contest, RHM looks to be ahead on points. The forecast earnings increase of 25 per cent puts the offer multiple at only 15.5 for the year just ending, and RHM has no difficulty in finding food companies which have recently fetched twice as much. Goodman could doubtless reply that this is only partly relevant, the question being how much a 30 per cent shareholder needs to pay for the remaining 70 per cent. But in the food industry or out of it, a company which has produced average dividend growth duced average dividend growth of 21 per cent over 5 years -and proposes a further 25 per

cent this year - looks uncom-monly valuable. Provided, of course, that growth can be sustained. This central point has yet to be tackled squarely by either party, though Goodman prom-ises to return to it shortly. The worry is that the underlying flatness in RHM's sales may be flatness in RHM's sales may be continuing – the defence docu-ment offers no help here – and that the doubling in trading margins and return on capital

over the past five years may have brought the group to a ceiling of efficiency. But with the shares still 16p short of the offer price, there seems no rea-son for shareholders to hurry in making up their minds.

Royal/Victoire

The conventional wisdom that it is dreadfully difficult for UK companies to do deals on the Continent may have less to do with fact than with habit; but the news yesterday of the collapse of merger talks between Royal Insurance and Groupe Victoire will scarcely encourage those who vaguely think they ought to be doing something about 1992. something about 1992. For its part, Royal has b For its part, Royal has been thing seriously about Europe for some years, but its operations there remain small. A deal with Victoire would

have given Royal significant exposure to Europe — reducing its dependence on the US in the process — and simulta-neously strengthened its life business. Indeed, Royal might have been forgiven for paying over the odds for a chunk of one of France's premier insur-ers, and possibly its choicest

ers; and possibly its choicest European partner.

Price, though, appears to have been less an issue than power. Thanks to the opacity of French accounting practice (to British eyes at least), Royal appears to have realised only belatedly that the proposed deal would have left Victoire controlling a third of the combined grount and with a potenbined group; and with a poten-tially hostile Antipodean presence already on Royal's share register, this would have left it feeling too vulnerable by half.

Markets Judging by its latest quar-terly bulletin, The Bank of Ragiand is much happier now than it was three months ago with the UK policy mix. Short-term UK interest rates have been raised by almost 300 basis points, whilst sterling, on a trade weighted basis, is modeatly weaker, which makes the tough medicine somewhat easier to swallow. Inflation rather than the trade deficit has clearly been identified as public enemy number one, but assumptions that it may too 6 per cent next year may be get-ting over gloomy. Interest rates may well have to rise again at some stage, but the authorities will need some clear evidence that the expected sharp slowdown to demand is not materialising before they act again.

il companies plan EC approach

By Max Wilkinson in London and George Graham in Paris

companies are attempting to form an association to present a common case to the European Commission in Brussels, and parhaps to discuss refinery closures, several oil companies said yesterday.

The initial purpose is to discuss common technical problems arising from the opening up of the EC's energy market.

Repsol of Spain, ENI of Hally, British Petroleum of the UK and Veba of West Germany.

BP officials said yesterday lems arising from the opening and Veba of West Germany.
up of the EC's energy market
after 1992. The issues to be
addressed include lead-free petrol, the harmonisation of taxa-

SEVEN of Europe's largest oil companies are also keen to discuss ways of reducing over-ca-pacity in the refining industry and import controls. and import controls.

The companies involved in the talks so far are Elf Aquitaine of France, Total of France, Petrofina of Belgium.

tion on petroleum prod-refinery capacity would be ucts - petrol, diesel, industrial unlikely in view of EC competi-and domestic fuel oil — and the development of European qual-ity standards for refined prod-ucts. However several of the keting profits in Europe

However, France's oil com-panies are keen to set up a European lobby group for their industry and hope it will be possible to bring in the Euro-pean subsidiaries of the US oil majors. They may hope that a common front can be agreed on matters beyond technical

Both Total and Elf Aquitaine are losing large amounts of money on their domestic refin-ing operations and are keen for governments to take action to stem imports of refined products from the Gulf.
French refiners argue that

bans their import except by other refiners, and that the EC, too, should take action against imports to view of its 130mtonne refining capacity sur-plus. They have pressed for the EC, in its talks with the Gulf Cooperation Council, to nego-

Co-operation Council, to negotiate a duty on
Elf and Total-France, the
retining and distribution arm
of Total, have repeatedly asked
the French Government brake
the import of refined products
from the Gulf.
A spokesmen for Petrofina
and ENI confirmed that talks
were going ahead and said that
refinery canacity in Europe

refinery capacity in Europe was a matter of common inter-

US drought 'will cut output by 31%'

By Nancy Dunne in Washington

THE DEVASTATING 1988 US estimate reduction, the largest drought will cut total US grain production to 192m tonnes, 31% lower than last year, the said yesterday in its August crop production report.

With hot, dry weather still prevailing in the Midwest and the Plains states, the maize crop is enduring a particular battering. Output will plummet 37% from last year, the USDA said, cutting once-plentiful stocks to 22% - or a three month's supply of annual

If the drought-reduced maize

on record, remains unchanged next month, then the US will be required by law to cut back its acreage reduction programme in order to expand next year's output, the USDA

The crop report was released yesterday shortly after President Reagan signed a \$3.9bn drought relief package which will ensure a continued flow of Government money to Ameri-can farmers whose votes may be key in the November elec-

The legislation, billed as "the.

largest disasier relief measure in history," will speed Govern-ment money to farmers who have lost more than 35% of their crops. Payments will be equal to 65% of their losses over the 35% threshold. over the 35% threshold. and south-east states helped

and south-east states helped soysbean producers, the drought of 1988 is by no means over, according to Dr Norton Strommen, the USDA meteorologist. The Department cut last month's soyabean estimate 1.65bn bushels to 1.47bn bushels, a fall of 23% below last year. Stocks will be the lowest

in 12 years, and American processors may have to turn to imports for their supplies.

Drought is taking a toll in China, Canada, the Soviet Union and Eastern Europe as well, the Department said. It grain production by 5m tonnes to 210m and predicted that globally, course grain produc-tion would fall about 9% from last year.

However, plentiful supplies of soyabeans in Latin American will push foreign oilseed production to a record 158.7m tonnes, up 6% from 1987.

UK inflation 'will continue to rise'

only exacerbate inflation. It tion threat, it said.

The consequence cise restraint in the pay settle-ments to which it accedes. It sppears, however, to be comfortable with the present level of 11 per cent base rates. The Bank believes the effect on the economy of the cumulative 3% percentage point rise in interest rates since June will have a significant impact on

the economy. Its assessment of the UK and world economies is written against a background where the balance of concerns has shifted from the maintenance of growth to the restraint of inflation. The monetary easing October crash in world share prices has been reversed to

that growth will be less buoyant in the second half of the year compared with the first. It warns that the recent appreciation in the dollar may

trade deficit.
Although the Bank is content with the current level of

The consequence for Britain and the other major economies in the industrialised world is

trade imbalances and cautions against some "over-optimistic expectations" in financial mar-kets over the path for the US

interest rates they are not, however, fixed for all time. If there were any unexpected deterioration in the value of the pound or evidence that the rise in interest rates was not

on demand and inflation then it could be expected to push for li count to the higher rates.

The Bulletin also signals a change in emphasis adopted by the authorities concerning the mate. With the

exchange rate. With the D-Mark's recent weakness, exchange rate policy is now less focused on the D-Mark and more so on the effective exchange rate as defined by the Bank's sterling trade-weighted index.

In this context it noted that the Government had been able to raise interest by a considerable degree without leading to an excessive strengthening in sterling. It noted that with the sterling index around 76.5 it was little changed from the level prevailing at the begin-ning of the year.

In the Bulletin, the Bank said its two main concerns were the emerging signs of inflation in the UK, and the need to rein in the rapid growth of domestic demand. A move in this direction ration in Britain'e trade account. The Bank believes the deterioration is a function of too buoyant demand and not a sign that British industry is uncompetitive in world markets. It also believes that the extent, though not the direc-tion, of the deterioration in the trade account is exaggerated its main concerns over infla-

tion are centred on increasing capacity constraints in indus

sharply as US prime rate rises Continued from Page 1

In London, the dollar ended at DM1.900 against the D-Mark compared with DM1.9155 at the previous close. Against the Yen it closed at Y133.85 com-pared with Y134.45. pared with Y134.45.
Sterling slipped against the
D-Mark to end at DM3.2325
against DM3.2400. Compared
with the dollar, however it
rose, ending at \$1.7015 against
\$1.6910. The Bank of England's
sterling index ended 0.2 higher

Stewart Fleming in Washington writes: The increase to US prime rates to double-digit levels will be worrying to Vice-President George Bush's presidential election campaign

Increasing numbers of Americans have loans and mort-gages with interest rates which vary with market rates or the prime rate, so the impact of higher interest rates feeds straight through into house

try, an acceleration in labour costs and rising world comdeal with the emerging inflahaving a restraining influence OTC worldwide fraud 'involved over \$250m and 10,000 investors'

Continued from Page 1
gate after receiving complaints
from German investors.
Mr Andrew Chapman, a
Briton, and Mrs Simone
Davies, a Swiss, have been remanded in custody for three months in Geneva. Six men are being held in France, among them Mr Thomas Quinn, an American to whom both the Geneva magistrate and Mr Staub point as the kingpin of the organisation.

The telephone number of Mr Quinn's villa at Mougins, near Cannes, where he was arrested by French police, was found in the papers seized in the Chel-sea Financial offices in Basle, according to Mr Staub. The whole operation, which attracted more than \$250m in investors' money, appears to have lasted less than 18 months, from the establishment in Vaduz, Liechtenstein,

WORLD WEATHER

in January, 1987 of Kettler International Corporation, which changed its name in ment AG. The method used, compared

by a US broker to former US "bucket shop" operations, was to solicit funds from investors for placement in US OTC stocks. Monthly statements were issued but share certificates were "held in safe-keeping" by the investment management companies. initial approaches to poten-

tial investors were made by letter, usually with samples of financial newsletters, Flash Report and The Swiss Analyst. If the client responded, invest-ments in OTC shares were rec-ommended by letter and by telephone with hints of large profits to be made.

When investors asked to sell their holdings, they were usu-ally persuaded to invest the proceeds of the sale in other, even more attractive stock. One investor initially received an offer of a free trial subscription to Flash Report, headed, You do not have to engage in insider trading to

per month on the exchanges".

The investor was then contacted by letter and telephone from Basie. He invested over the next 10 months through Cheisea Financial in Messidor, Vanguard Financial and Hill side Gold and Minerals. in a circular letter dated July 8, Chelsea Financial informed him that all clients' accounts would be administered from July 14 by "the head office", Allied Chelsea Inc

in Curacao, the Netherlands Client services were to be concentrated in "the European representative offices of Allied Chelsea in Madrid. Calls to the Madrid telephone number evoke an answering machine which says, "This is not the office of Allied Chel-

"general information" sheet sent to the investor purported to link the Basle company with Chelsea Securities inc of Newport Beach, Calif-ornia, a member of the US National Association of Security Dealers (NASD), Mr John Plumb, vice-presi-dent of Chelsea Securities, denies any link with Chelsea

Financial and describes the information it gave to inves-tors as "misuse and abuse of He says he began to receive

enquiries from investors in November and in December informed an investigator in the Chicago office of the US Securities and Exchange Commission about them. Several investors report that

the telephone salesmen con-tacting them had American accents. Many of the names ed in contacting clients were false, according to Commissioner Stanb. There were probably only a few salesmen using different names.

The procedure in the Basie

companies was for telephonists to tell clients their contact was not in but would call back. Replies would then be made from Amsterdam, Hilversum, Brussels, Dortmund, Paris or Cannes but with the client believing he was talking to the company in Basle, according to Mr Staub.

Altogether, he estimated if office staff answering tele-phones are excluded, the whole network was operated by between 20 and 30 people.

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INSIDE

Lex leads the way into US car market

Lex Service, the UK's largest vehicle distribu-tor, is the first British public company to penstrate car retailing in the US, by far the world's largest single market. The breakthrough is one of the clearest indications yet that fundamental changes are taking place in the US car retail-



For Schneider Rundfunk werke, the fast-growing West German electronics company, this is a crucial year. It has taken the bold step of producing its own computers and plans to buy Dual, the loss-making Germa record player com-pany — "attil an excelent name" in the

says Bernhard Schneider, marketing and sales director and coowner of 75 per cent of the company. Page 18

BTR Nylex profits surge 168%. BTR Nylex the \$2 per cent-owned Australian subsidiary of BTR of the UK, reported a 168 per cent surge in net profits after minorities for the six-months to June. The group is one of the darlings of the Australian share market, being well-positioned in a manufacturing sector undergoing a slow restructuring, and aggressively managed by Alan Jackson, its chief executive. Page 20.





Making money for 'doing nothing' - some people's idea of paradise. But not for Lynn and Alun Thomas, who farm 1,000 acres in mid-Wales. They have decided not to join the gov-ernment's latest farm support scheme which pays farmers compensation for environmentally friendly farming practices. Bridget Bloom tooks at the pros and cons of the ESA scheme.

Unisys keys in to Unix

Unity's, the US computer group, is to take over-Convergent a California maker of work sta-tions, to boleter sales of computers running on the Unix operating system, a fast-growing mar-ket segment. The purchase will make Unisys self-sufficient in the manufacture of distributed computer systems. Page 19

KLM earnings drop to \$48.8m

KLM Royal Dutch Airlines announced a 13 per cent drop in profits in the first quarter of fis-cal 1988-89 to FI 105.5m (\$48.8m) from FI 121.9m

1967-88, because the year-earlier earnings were boosted by aircraft sales. For this year, however, KLM expects to book more profits from aircraft sales than last year. Page 18

Market Statistics

FT-A world indiced Firancial futures .

Landon share service London traded options Money markets World stock mit indices 35

BTR Nylex Beiersdorf British Aerospace Charterhall Foreign & Colonial GC & C Brands GrandMet HK & Shanghai Htls Hughes Aircraft IBM

Companies in this section AMPEP
Admiral Computing Gp 24 KLM Royal Dutch
Arab Banking 29 Kleinwort Overseas
Ausimont 18 Meraey Docks
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Beiersdorf 18 Mitel Corp
British Aerospace 22 Mosale Porsche Privatbanken Runciman (Walter) 19 Sotheby's Holdings Tellos Holdings

Chief price changes yesterday Planes Enti, Segn Pallo Cle Barcaire Malcop Ph. 651 - 37 66.1 - 3.7 626 - 22 TOKYO (Yes) Asidns Bros. Carbury Sch. 378 - 10 Barker (C.) 170 Cubic & Wire. 362 Cohen (A.) £10 Foster (J.)

Pearson Rush & Titles

Shell Trans.
Spaybards
Stand, Chart.

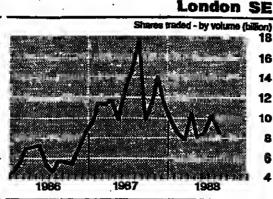
756

270

511

Brussels SE

Shares traded - by volume (million) 24



Belgium lights fire of stock exchange reform

Tim Dickson reports as the Government moves to break the impasse between banks and brokers

he Belgian Government's effective blueprint for a "Rig Bang" — spelt out yesterday by Mr Philippe Maystadt, the finance minister — was prompted by the impasse reached last month in long-running nego-tiations between banks and the Brussels Stock Exchange over local stockbrokers' quasi-monop-olistic position, Behind the minister's bold

attempt to break this deadlock, however, lies a much wider and deeper concern that without urgent reforms, Belgium's capital city will miss out on the opportu-nities created by the unified European market as institutional investors take their orders else-

Politicisms and financiers are already concerned at the volumes of business being lost to London

and Paris.

"It seems to me," Mr Maystadt said in his letter yesterday to Mr Jean Peterbroeck, president of the Stock Exchange Commission, and Mr Leo Goldschmidt, president of the Belgian Banking Association, "that my intervention in this matter is based on a more global perspective, which is more global perspective, which is that the modernisation of Brussels as a financial centre is necessary in view of the competition which will face all parties in the newly integrated European financial services market foreseen for 1992."

"A complete recasting of the legislative framework and rules of bourse activities seems unavoidable," Mr Maystadt said." He is to set up a new Govern-ment commission, comprising institutional and foreign investhe banks and the stock

The aim is to reach outline decisions on key issues facing the market by the end of October. Mr Maystadt did not make formal proposals yesterday, but he made clear his view that the stock exchange should be opened up to Belgian financial institutions, and ultimately to foreigners, not least for the capital

which they can bring.

Moreover, he indicated, the
bourse is much too fragmented, with more than 300 individual

firms, and greater transparency in dealings is badly needed.

The deep leather armchairs on the floor of the Brussels Stock Exchange are an indication of the somewhat relaxed atmosphere which has prevailed over the

Nevertheless, contrary to some sions, the 314 stockbroking firms do not have a monopoly of all trading in Belgian stocks. Under local law, banks are allowed to deal "off bourse" in parcels of shares worth more than BFr10m (\$250,000). Below

than Berlom (\$250,000). Below this figure they have to go through the market. However, as in London until the changes which preceded "Big Bang," banks are not allowed to participate in the capital of stockparticipate in the capital of stock-broking firms - a restriction which has been increasingly irk-some to them. It has been the main subject of negotiations which started two years ago. Running in parallel with this issue, meanwhile, has been the stock exchange's own efforts to modernise its macines via the

modernise its practices via the introduction of CATS, a continuous electronic trading system with centralised price informa-

his initiative has been intended to provide greater transparency in dealings - and to end the situation most marked during this year's buying spree in Société Générale de Belgique when some investors were blatantly disadvantaged. As things stand, however, the banks fear that CATS could be a further threat to their

Under one stock exchange plan, the banks would be able to see the prices on their screens

would not be "two-way" and thus afford them direct access to the

market.

"They are afraid that their clients will go straight to a stockbroker," one experienced observer explained last night.

Given Belgian governments' traditional "hands-off" approach to the financial markets, Mr.

Maystadt's announcement of a new commission and his designary.

new commission and his decision to chair it was widely welcomed as a "positive" and "courageous"

Mr Sebastian Scotney of invest ment bank Dillon Read pointed out that Mr Maystadt's predeces-sor, Mr Mark Eyskens, was par-ticularly disinclined to get involved in what he considered a private matter.

To one, however, believes that the forthcoming negotiations will be any easier than what has gone before or that Mr Maystadt's letter pro-vides an altogether clear indication of the way ahead. At first glance, it appears to

offer most encouragement to the banks but, not surprisingly in a country which is governed by compromise. it skates round some of the more sensitive Nothing specific, for example, is said about Mr Peterbroeck's

ambition to bring the banks' block trading market under the wing of the stock exchange or his insistence that stockbrokers' "autonomy" be respected — a key factor in the previous Mr Maystadt, however, makes clear that the CATS system, due

for introduction in September, will not be allowed to proceed until the negotiations have made

some progress.

Speaking from his holiday in Portugal yesterday, Mr Peterbroeck said he regretted this decision but he welcomed the new "guidelines" which had been laid and use them as a guide for their down by the minister. He own block trading – the facility. stressed the importance of



Brussels Stock Exchange: Government's move welcomed by both sides to dispute

modernising the bourse but, while accepting the desirability of outside capital, emphasised the need to maintain the "autonomy" of stockbrokers.

On the question of access to the market, Mr Maystadt suggests that stockbroking firms should continue to exist but that their management should be their management should be
"flexible" and take into account
ROYAL Dutch/Sholl and British the capital provided by share-

He says, moreover, that a code of ethics should be devised to avoid conflicts of interest, that re-groupings of firms should be encouraged, that minimum capital requirements should be fixed with a distinction drawn for those who wish to be marketmakers as well as agents, and that other domestic and foreign financial institutions should not be excluded.

RHM bolsters bid defence with £156m forecast

By David Waller in London

Ranks Hovis McDougall, the UK foods group fighting a £1.72bn (\$2.9bn) from Goodman Fielder Wattie, yesterday buttressed its defence against the Australasian food company by forecasting pretax profits of at least £156m for

the year to September 3.
The forecast, contained in RHM's defence document, represents a 34 per cent increase over the 1986-87 and is ahead of stockbrokers' estimates, which had settled around the £150m mark. RHM also forecast that earnings per share and the dividend wouldrise by 25 per cent each.

In the document, RHM claimed that Goodman's bid price of 465p a share fails to reflect its outstanding" earnings and dividend record over the past five years. And, according to RHM, the bid terms represent a much lower multiple of historic earnings than those paid so far this year in acquisitions of European food manufacturing companies. Goodman responded aggres-

sively, claiming that the forecast was disappointing, and that in any case it was arrived at before rationalisation costs of £14m, which are taken "below the line" as extraordinary expenditure, "If these are taken into account, the price earnings ratio works ont at significantly more than the 15.5 quoted by RHM," said Mr Rupert Faure Walker of Samuel Montagu, Goodman's merchant bank

RHM claimed that Goodman's offer was parsimonious compared with the exit multiples paid, for example, when Nestlé bought Buitoni and Rowntree or when United Biscuits bought Ross Young's: the historical multiples on these transactions were 35, 26 and 25 respectively.

Goodman countered by saying that the offer represents a substantial premium to the UK food manufacturing sector's prospec-tive p/e of 11.7, and repeated its contention that RHM had entered

a period of profits stagnation and

a period of profits stagnation and slow growth.

The bid is one of the largest and most leveraged bostile take-over attempts seen in the UK, and, inevitably, the Antipodean predator's finances also came under attack. The combined group would have "dangerous levels of borrowings," the UK company claimed.

"On its own figures," RHM's document states, "the borrowings of a combined GFW/RHM would represent 2½ times sharebolders

represent 2½ times sharebolders funds. GFW has not shown bow could meet its banking obligations whilst maintaining RHM's expenditure on capital expendi-ture and research and develop-

RHM took the opportunity to disclose that it has invested nearly \$50m in the Mr Kipling brand alone in the five years to September 1987, and spent £98m on supporting its brands with advertising over the same period. Total capital expenditure over the last five years was £342m. Such a level of expenditure could not be maintained by Goodman,

According to the document, the combined group would have neg-ative net tangible assets of £494m, and that total borrowings would be would amount to £1.93bn. Interest costs, assuming an average interest rate of 12 per cent a year, would exceed £230m

RHM also alleged that Good-man would find it difficult to manage the company from the other side of the world, "GFW's sales outside Australia and New Zealand in 1986/87 were equiva-lent to about £70m - RHM's sales outside the UK in 1986/87 of £350m were five times as large.", Shares in RHM added 4p to close at 459p, 6p below the Australasian company's offer, GFW already owns 29.3 per cent of the target company's shares.

Shell and BP report surge in profits for first half

ROYAL Dutch/Shell and British Petroleum, two of the world's biggest oil companies, yesterday turned in broadly similar performances for the first six months.
On a replacement cost basis,

which best reflects the underlying trend in net profits, Shell's earnings were up 27 per cent at £1.56bn, while BP moved ahead 25 per cent to £731m.
The two companies diverged,

however, on where profit came from in the underlying businesses. And their share prices

moved in opposite directions yesterday as Shell came in well below market expectations, while BP offered some pleasant sur-

Shell earnings in oil and gas exploration and production were halved in the second quarter - 35 per cent in the half-year.

BP's earnings also fell in the exploration and production sec-tor, although by only 17 per cent in the half-year.

Details, Page 22

By Hugo Dixon)n London

cated yesterday.

The proposed flotation of 20 per cent of Racal Telecommunications Group, which includes Vod-afone, the fast-growing mobile communications operator, has been opposed by Millicom, one of Racal's largest shareholders, which favours a complete demer-

Separately yesterday, Cable & Wireless, the UK-based international telecommunications group, said it had sold its 2.8 per cent stake in Racal.

The two developments appear to suggest that the management's partial flotation strategy has achieved its objective. When the announcement was made in April, the move was seen as an

The management of Racal is bought its stake as a "strategic likely to win approval next week investmen." Sir Eric Sharp, C&W

cent of Racal's stock.

Of these, only one shareholder apart from Millicom itself - said it was supporting Millicom's profour said they would be abstain-ing or were undecided. The shareholders who support the management account for about 18 per cent of Racal's equity. The opponents account for 7 per cent if Millicom is

Furthermore, Guardian Royal Exchange, which is Racal's larg-est shareholder with 6.2 per cent, is understood to be supporting the management. The 2.8 per cent stake sold by C&W is now in friendly hands, although it is unlikely that it will be on the

register soon enough to take part in the vote. Many shareholders said they had been persuaded by the logic of Millicom's proposals, but nev-ertheless decided support what they regarded as Racal's success-

Mr Shelby Bryan, Millicom's chairman, said that too few votes were in to determine who had won yet. "Our plan is not to give

Equipment-Contracting-Services

- Operating profit up 44%
- Profit before tax up 25%
- Earnings per share up 20%
- Substantial progress towards growth targets
- Heavy investment in specialist access and fire sectors
- Strong recovery in contracting and building services
- Continued growth In geophysical services

	Six Months Ended 30 June 1988 £000	Six Months Ended 30 June 1987 £000	Year Ended 31 Dec 1987 £000
Turnover	284,535	248,758	541,319
Operating Profit	12,289	8,507	21,452
Profit before Tax	11,743	9,405	23,553
Profit after Tax	7,633	6,535	16,365
Earnings per Share	11.3p	9.4p	24.4p
Ordinary Dividend	3.5p	2.7p	11.5p

The abridged profit and loss account for the year 1987 is an extract from the latest published accounts which have been delivered to the Registrar of Companies; the audit report for these accounts was unqualified.

Copies of the full Interim Report may be obtained from The Secretary

Simon Engineering plc

Stockport, Cheshire, SK3 0RT

Racal set to win flotation vote and C&W sells stake

likely to win approval next week for its disputed plan to float the UK electronics group's telecom-munications subsidiary, an infor-mal poll of shareholders indi-

attempt to ward off predators by boosting Racal's share price.

C&W said in June that it had porting the management, while

By Andrew Taylor in London

and herticulture group, yesterday launched a major expansion in Italy, with the acquisition of Ital-chimic for £21.5m (\$58m).

The British company says Italy

is the world's fastest growing pharmaceuticals market. Ital-chimici will continue to make

drogs under licence from several

binge international companies, as well as selling products supplied by Fisons.

Opportunities to expand in the pharmacauticals industry by

acquisitions come very seldom," Fisons said yesterday. "Most

companies are too large and

chairman, saw possible synergy in combining Vodafone and Mercury Communications, a C&W subsidiary which operates a con-ventional telecommunications network in the UK.

C&W yesterday refused to say why it had sold its stake. Analysts speculated, however, that it took the opportunity to make a profit of about £16m (\$27m). Smith New Court, the investment house which is also acting as oneof Racal's brokers, bought the

almost certain to be approved at an emergency general meeting next Tuesday, according to interviews with 14 of the 20 shareholders who hold more than 1 per

up before Tuesday." Lex. Page 16 Fisons pays \$53m for Italchimici

would command too high a price and horticulture group, yesterday launched a major expansion in Italy, with the acquisition of Ital-Pomezia, south of the Italian capital. It made pre-tax profits of £2.6m in 1987, on sales of £11m,

and had net assets of £7.8m at the early next year.

Italy, with sales of \$5.3bn in Fisons especially wants to

increase Italian sales of Intal, an anti-asthmatic drug, and Tilade, its new respiratory drug. Fisons said sales of Intal were growing rapidly in the US and still expanding in some European countries, including Italy. . Tilade is regarded as one of the

the most important of Fisons' new generation of drugs. It is already sold in the UK, Ireland, the Netherlands and France. West Germany granted approval earlier this month, and Fisons expected it to be cleared by Italy

1986, is the world's fifth largest pharmacentical market, according to Fisons. Until now the company has had a very small presence in the country, operating through a sales staff of only about 30 - a number that will more than quadruple with the purchase of Italchimici. Aktiengesellschaft

Report on the 1st half-year 1988

Continuing upward trend in the chemical industry
The 2nd quarter 1968 saw a continuation of the favourable business conditions in the chemical industry workswide. The growth mainstays were, in particular, plastics, organic base chemicals as specialities.

Hoschst, too, has enjoyed considerable success with these products. Compared with the 1st helf of the provious year, when business, however, was somewhat slacker, sales and earnings have shown a marked improvement.

Hoechst Group increases sales to DM 20 billion
During the 1st half of 1988 Group sales rose to DM 20 billion and thus exceeded the previous year by
11.4 per cent. At 7.0 per cent., growth in the Federal Republic of Germany was somewhat lower than
abroad, where a level of 12.9 per cent. was schieved.

When comparing sales abreed with the previous year it must, however, he berne in mind that in 1967 we did not start to consolidate the former Celanese Corporation until March and that we sold Berger, Jenson & Nicholson Ltd. at the end of the year.

Per cent.

This encouraging development is also reflected in profit. Group profit before taxes on income increased by more than 30 per cent. to DM 1.944 billion. Profits of Hoschat AG and Hoschat Celanese Corporation have clearly exceeded expectations.

Hoschat AG, sales in the lat half-year amounted to DM 7.9 billion, 16.3 per cent. more than in the same period last year. Sales in the Federal Republic of Germany improved by 11.8 per cent. to DM 3.5 billion. Growth in export sales was even as high as 20.1 per cent.

These growth rates reflect the fact that for the first time we are including the sales of the former Robritsman AG. Rabridsmis AG was merged with Hoschat AG with retroactive effect from 1 January 1998. However, even without this special influence, sales growth in Hoschat AG would still have reached double figures, namely 10.4 per cent.

In general, our selling prices have remained at the previous year's level. However, prices of plant pro-

reached double figures, namely 10.4 per cent.

In general, our selling prices have remained at the previous year's level. However, prices of plant protection agants are still subject to strong downward pressure. In fibres, too, the price level of the previous year has not yet been reached. The raw material prices have risen this year on a wide scale.

Capacity utilization at our production plants is even better than in the previous year, some plants are at the limits of their capacity.

Sales growth and decreasing costs are producing a favourable carnings situation in the divisions. Profit of Floechet AG before taxes on income rose to DM 932 million, i.e. DM 188 million or 25.3 per cent. more than in the lat half of last year.

more than in the lat hall of last year. Foundation for success over the With the encouraging result of the lat half-year we have laid a solid foundation for success over the year as a whole. In view of the high level of orders on hand, we are entirely confident as regards the subsequent development during the year. We, therefore, expect that 1968 will be even better than the previous year, which itself was a good one.

Report on the 1st half-year 1988

1. Hoechst Group	
Selec(DM million)	

Frankfurt am Main, August 1988

	1sthalf-year	Came	oges .
1sthelf-year 1988	1987	absolute	in%
19,960 4,900 15,060	17,920 4,580 13,340	+2,040 + 320 +1,720	+11.4 + 7.0 +12.9
1,944 9.7	1,482 8.3	+ 462	+31.2
7,988 3,467 4,466 56.3	6,818 3,100 3,718 54.5	+1,114 + 367 + 747	+16.3 +11.8 +20.1
932 11.7	744 10.9	+ 188	+25,3
2,283	2,000	+ 198	+ 9.21
63,286	61,074	+2,212	+ 3.69
	19,960 4,900 15,060 1,944 9.7 7,933 3,467 4,466 56.3 932 11.7	19,960	19,960 17,920 +2,040 4,300 4,560 + 320 15,060 13,340 +1,720 15,060 13,340 +1,720 15,060 13,340 +1,720 15,060 13,340 +1,720 15,060 13,340 + 3,720 15,060 15,0

INTERNATIONAL COMPANIES AND FINANCE

Special factor hits KLM in first period

By Laura Raun

KLM ROYAL Dutch Airlines yesterday announced a 13 per cent drop in profits in the first because the year-earlier earnings were boosted by aircraft sales. quarter of fiscal 1988-89

Net income fell to FI 105.5m (\$48.8m) in the quarter ended June from FI 121.9m in the like period of 1987-88 when a Fl 26.5m gain was booked from the sale of three DC-9s. The national flag carrier, which is 39 per cent owned by the Dutch Government, repeated its position on a possible joint venture to the annual shareholders meeting

esterday. KLM is in regular contac with a number of potential partners about joining forces to better compete or fend off hostile takeover attempts, but it refuses to disclose names.

it refuses to disclose names.

Non-consolidated companies swung to a loss of F1 8.8m from a profit of F1 1.7m in the year-earlier period, mostly due to technical changes in accounting methods. But some of the red ink is believed to be due to various hotel stakes.

Last mouth Mr J.F. De Soet, chairman of KLM, said the company wanted to spin off some of its hotel activities in order to concentrate on its

order to concentrate on its core operations of air trans-port. Last year the hotels as a whole lost money.

whole lost money.

Profit margins nevertheless
widened in the first quarter
due to a slightly higher load
factor on KLM's aircraft – the seats and stowage filled out of possible total. A greater num-ber of passengers in more expensive seats and on more renumerative routes also was

Total revenue rose 7 per cent to Fi 1.24bn from Fl 1.16bn, tbanks to good growth in passengers and Overall costs increased

more modest 5 per cent to Fl 1.35bn from Fl 1.28bn, fuelled by a big decline in equipment maintenance costs. KLM, which reported a net profit of Fl 314m in the finan-cial year to end-March com-pared with Fl 301m in the previous year, said recently it would make its first tax reserve since World War Two.

-PRELIMINARY NOTICE TO HOLDERS OF BONDS

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U.S.\$100,000,000 2% PER CENT

CONVERTIBLE BONDS 2001

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Pursuant to Clause 7 (B) of the Trust Deed between The Mitsui Trust and Banking Company, Limited (the "Bank") and Bankers Trustee Company Limited, as the Trustee, dated 30th September 1986, in connection with the above-mentioned Bonds (the "Trust Deed"), you are heavy notified as

The Bank will make public offerings of convertible debentures (date of issue: 22nd August, 1988 (Japan time)) and new shares (date of issue: 23rd August, 1988 (Japan time)) in Japan, and a free distribution of shares (record date: 30th September, 1988 (Japan time)).

The Conversion Price of the Bonds will be adjusted pursuant to Condition 5 of the Bonds. The further detail of such adjustments will be published on or after 23rd August, 1988.

Bankers Trustee Company Limited as Trustee for and behalf of The Mittal Trust and Sanking Company, Limited

Schneiders program expansion Andrew Fisher on the ambitions of a German computer group

or Schneider Rundfunk-werke the werke, the fast-growing West German electronics company which recently ended its fruitful partnership with Amstrad of the UK, 1988 is turning out to be a crucial

year.

Not only has Schneider taken the bold step of producing its own computers instead of putting its name on South-Korean products developed jointly with Amstrad, but it also intends to buy the other half of Dual, the lossmaking West German record player company in which it acquired a 50 per cent stake at the start

of this year.
Based near the sedately attractive spa town of Bad Woerishofen in rural Bavaria, Schneider last year achieved a turnover of DM250m (\$130m) in computers. This year it aims to repeat this, as production of its repeat this, as production of its new and more up-market computers moves up to around 25,000 a month in the antumn.

Total turnover last year was DM720m, a rise of 17 per cent, with net profits rising by 15 per cent to DM31m. Mr Bernhard Schmeider, marketing and sales director and owner with brother Albert of 75 per cent of the company (part was floated to the public nearly two years ago), says turnover this year should stay at around the 1987 level, bearing in mind the start-up efforts needed for the new computer range. new computer range. Next year, however, Schnei-

Next year, however, Schmelder hopes to start pushing towards DMIbn, with profits again growing correspondingly. "Up to the mid-1990s, computers should make up at least half our total turnover," says Mr Schneider. According to Mr Hans-Juergen Thaus, the finance director, the company heat the DMIbn turnover mark has the DMIbn turnover mark in its sights for 1990 and could just achieve this in 1989, if all

goes well on the export front.
Schneider decided to make its own computers - it still imports the monitors and disks - to increase its market flexi-bility, reduce the threat from copycat products, and thus gain an edge over products from the Far East. The time

advantage is vital for new products," notes Mr Schneider.

"Everyone is so quick to copy."

To have products made in the Far East, planning needs to be done six months ahead. "Here, it can be done in two or three in the state of the total and products when the state of the total and products with the state of the total and products. It has also been helped by Signature and products and products where the state of the total and the state of th

Schneider's cheapest new computer is the Euro PC, aimed partly at beginners and costing DM1,300. The more advanced Tower PC, capable of

many." Schneider, restricted mainly

to German-speaking countries



Bernhard (left) and Albert Schneider: DM1bn sales target

more than DM6,000 with additions. Both are attractive in appearance - "we have gone" for a chic fashion-oriented design - and more up-market than those it sold previously.

Because of the greater flexi-hility obtained by building its own products, the company-could live with a cost level of up to 5 per cent above that of

extension and designed for more sophisticated users, costs DM2,500 in its basic form and half of its computer output, under its deal with Amstrad, intends eventually to export half of its computer output, concentrating at first on Rurope, including the UK. In France, it still has to clear upuse of the Schneider name, as there is a French company of the same name, though not in computers.

One of Schneider's competi-tors will be Amstrad itself, now

"With very modern manufacture and products such as televisions or computers where the limit is for us—it is well worth producing in German."

The German company hopes to capitalise on its improved for capitalise on its improved to capitalise on i "Without Siemens, we couldn't have done this," says Mr Schneider. "We would have had to go to the black market

or the Japanese." Siemens and Schneider are Siemens and Schneider are similar in that neither wants to see more industrial capacity lost to the Far East. "We shouldn't let more (engineering and electronic output) go, but should try and bring some back," says Mr Schneider. Thus the company also aims to rebuild the reputation of Dual, a once flourishing company whose turnover is now only DM70m a year.

whose turnover is now only DM70m a year. It has the rest of this year to exercise its option to buy the rest and intends to do so. Dusi,

rest and intends to do so. Dual, bought by Thomson of France after a financial collapse six years ago, is still "an excellent name" in the German audio market, feels Mr Schneider.

As well as building up Dual's product range, Schneider also wants to use its capacity to help expand in computers. (Two Schneider computers, including e portable, are still made in Asia). It expects Dual to return to profit in 1989 after breaking even this year. breaking even this year. In German investment cir-

clee. Schneider is highly regarded as an innovative comregarded as an innovative com-pany with above average growth rates. After its drive in the computer sector, it plans what Mr Schneider, declining to reveal more, calls "a famus-tic new product" in the audio field.

Realistically, he admits that not all ideas succeed. Whether or not this one does, and bility obtained by building its own developing its own German own products, the company-could live with a cost level of up to 5 per cent above that of Far Eastern production, Mr Schneider says. Through a high level of automation, to which most of last year's corrected by building its own German or not this one does, and whether or not consumers take to the new computers — the company says the initial response has been good — Schneider is likely to remain a strong talking point among investors.

debts, the value of which was

not disclosed yesterday.

Porsche to reduce US sales 25%

PORSCHE, the West German sports car group, plans to cut its US sales by about 25 per cent in the 1988/89 model year, said Mr Hans Halbach, management board member in charge of sales, Reuter reports

Mr Halbach said the cut in US sales to around 17,200 cars in the year started August 1, from 23,000 last year would prompt some of the 309 Porsche dealers there seriously to consider giving up the fran-

chise.

The 1988/89 figure comprised
15,000 new deliveries to the US
and cars already stockpiled

there.

Porsche, which has sold around half of its cars in the US since the 1950s, has seen sales there drop from around 30,000 in recent years. The dol-lar's fall since 1985 has made the cars more expensive, espe-cially compared with Japanese vehicles.

venicies.

Porsche's financial performance has also suffered as a result, with net profits falling to DMS1.9m in the year to July 31, 1987, from DM75.5m the year before. The dividend on preference shares was cut to DM1 from DM16.

However, Mr Halbach said the company made a profit in the 1987/88 business year and would pay a dividend to share-

holders.
Porsche had decided to cut
its US sales due to the unfavourable market situation there for European car manu-facturers, caused by the weak dollar, and buyer caution since the October stock market

crash.

Porsche was upgrading the performance and fittings of its four-cylinder models, partly to combat growing competition from Japan which was making inroads into the lower end of the sports car market, Mr Halbach said.

Ent he averaged no sleam at

But he expressed no alarm at the Japanese presence in the sports car market. I am not scared because we are the com-peny which builds sports cars which are practical and reliable in daily use," he said.

He said many Japanese sports cars were built on a

sedan chassis, were well-equipped and looked good. "But they are not sports cars in that they are not conceived, designed or engineered as such," Halbach said. The cut in US sales and the

move to the upper end of the luxury car market was leading dealers there to consider if it was worthwhile for them to keep their franchises and some would not be able to meet the' new operating standards, he

He declined to say how many dealers would give up franchises. He said Porsche did not have a master plan for defining how many dealers it needed in the US in the future.

Ausimont sells two carpet units

By John Wyles in Rome

AUSIMONT, the specialty chemicals subsidiary of Italy's Montedison Group, yesterday sold two carpet tile manufacturing companies to interface, a Georgia-based flooring and office equipment group, for more than \$150m.
The Netherlands-based com-

pany said that the deal, which will be completed on Septem-ber 2, had been under consideration for a year and was quite ation for a year and was quite independent of the study it is currently making with the Morgan Stanley merchant bank on how best "to maxim-ise shareholder values." This is commonly understood to mean

over for the right price.

The two subsidiaries falling under US control are Heuga and Pandel, both modular carpet manufacturers with production plants in the Netherlands, the UK, Australia, the US and Canada. Their combined cales last ware were bined sales last year were

Interface class A common stock at a \$4 discount to current market prices. The closing price on the Nasdaq exchange on Wednesday was \$14.25. commonly understood to mean that it is ready to be taken repay certain intercompany

Interface's sales will almost double after the acquisitions are completed. The company reported net profits last year of \$13.7m on sales of \$257m.

The agreement falls into the pattern of widespread asset, sales across the Montedison In addition to \$150m in cash,
Austmont will receive an option to purchase 100,000 Gardini, seeks to concentrate. on core businesses and to pay off the group's L8,000bn (\$5.65bn) debt. Deals already made or in the pipeline could bring the debt burden down to L1,200bn by the end of next

Privatbanken lifts profit by 38% at six months

By Our Copenhagen Correspondent

PRIVATBANKEN, Denmark's third higgest commercial bank, yesterday announced an impressive performance for the first six months of 1988, recording a 38 per cent rise in group earnings before depreciation to DKr632m (\$36m) from DKr459m a year earlier.

The balance sheet total was

put at DKr101.9bn (against DKr96.7bn in the first half of 1987), with profit on ordinary operations before expenses at DKr1.6bn (DKr1.8bn) and net interest income at DKr1.2bn

(DKr990m). Adjustment of securities to market value went into surplus at DKr423m, compared to a DKr 37m loss reported a year

ago. Privatbanken said it confiprivateaneen said it confidently expected the increase in net earnings to continue in the second half of this year, although at a more modest level, paving the way for a greatly improved result for the whole year. In 1967, the group recorded a DKr295m profit before the

before tax.

Andelsbanken Danesank, the fifth largest Danish bank, also reported an encouraging first-half result, with profits on ordinary activities before expenses at DKrl.2bm, a 9 per expenses at DKrl.2bm, a 9 pe cent improvement over last year's interim result.

Andelsbanken'e balance sheet total for the first six months of 1988 stood at DKr52.3bn (DKr50.6bn) and earnings before depreciation were DKr532m (DKr478m), an

11.3 per cent increase.

Andelsbanken's profit gains
were attributed to net carmings on interest and commissions – up by DKr79m to DKr916m –

up by DKr79m to DKr916m—and foreign exchange transactions, which yielded a profit of DKr157m against DKr122m in the first half of 1987.

The latest half-year result includes Hellerup Hank, a leading suburban Copenhagen hank taken over in January.

Andelsbanken expects a good year in 1988, with growth projected to continue at home and abroad.

Banco Di Napoli International S.A. U.S. \$150,000,000 Ploating Rate Subordina Notes due 1997

For the six months 11th August, 1988 to 13th February, 1989 the Notes will carry an interest rate Notes will carry an interest race of 84% per annum with a coupon amount of U.S. \$452.08 per U.S. \$10,000 Note, payable on 13th February, 1989.

Beiersdorf bids \$57m for US tape company

By Our Financial Staff

BETERSDORF, a West German cosmetics and pharmaceuticals company, yesterday offered to buy Technical Tape, a New York state adhesive tape producer, for \$16 a share cash or a total of \$57m.

total of \$57m.

The offer expires later today. In a letter to Technical Tape, Beiersdorf said the acquisition was contingent on the termination of the US company's merger agreement with Dainippon Ink & Chemicals of Japan.

The acquisitive Dainippon, through an indirect whollyowned subsidiary, commenced a \$13.75 a share tender offer for Technical Tape last month. Technical Tape last month.
Technical Tape said it is reviewing it with its financial and legal advisers.

Mortgage Intermediary Note Issuer (No. 1) Amsterdam B.V.

for the three mouth period from 11th August, 1968 to 11th November, 1988 the Notes will bear interest at the rate of 11% per cent. per entern.
The Coupon amount per £25,000
Note will be £736.47 psyable on
11th November, 1988.

Morgan Grenfell & Co. Limited Agent Benk

Interest Rate Change

Allied Irish Banks plc announces that with effect from close of business on 11th August 1988. its Base Rate was increased from 101/2% to 11% p.a.

Allied Irish Bank

Head Office - Britains 64/66 Coleman Street, London EC2R 5AL Tel: 01-588 0691 and branches throughout the country.

YUKONG LIMITED (incorporated in the Flepublic of Korea with limited liability)

NOTICE

to the holders of the outstanding U.S. \$20,000,000 3 per cent. Convertible Bonds due 2001

YUKONG LIMITED nds" and the "Company" respectively)

(the "Bonds" and the "Company" respectively)

NOTICE IS HEREBY GIVEN to the bolden of the Bonds that the Company has authorized the granting to holden of its shares and to its employees of rights to subscribe for shares in the Company. The record date for such granting to holders of its shares will be 27th August, 1988 and such rights will be exercisable during the period from 17th October, 1988 to 19th October, 1988, both inclusive. The date for such granting to its employees will be 28th August, 1988. In addition, the Company has authorised a free distribution of shares in the Company. The record date for such free distribution will also be 27th August, 1988.

The free distribution of shares will result in an adjustment to the current Conversion Price of 444,968 and the Company anticipates that the granting of rights to subscribe for its shares will result in further adjustments to such Conversion Price. Notice of the adjusted Conversion Price will be given to holders of the Bonds after 28th August, 1988, the date on which it becomes

Wells Fargo & Company

U.S. \$200,000,000

Floating Rate Subordinated Capital

Notes due 1998

provisions of the Notes, nouce is hereby given that for the Interest period 12th August, 1988 to 14th November, 1988

the Notes will carry an interest Rate of 84% per annum.

Interest payable on the relevant

interest payment date 14th November, 1988 will amoun

to US\$228.47 per US\$10,000

Agent Bank: Morgan Gueranty Trust Company of New York London

ons of the Notes, not

BRITANNIA BUILDING SOCIETY

Floating Rate Notes Due 1993
In accordance with Condition 3(c) of
the terms and conditions of the Notes,
notice is hereby given that for the two
atouth Interest Period from (and
including) 10th August, 1988 to (but
exchaling) 10th October, 1988, the
Notes will carry a Rate of Interest of
1114 per cent, per assum. The
relevant interest Payment Date will
be 10th October, 1988. The Coupon
Amount per £10,000 Note will be
£187.50, psyable against surrender of £187.50, pay able against surrender o

Coupon No: 11.

The £50,000,000 Floating Rate Notes Due 1993 of the Society issued on 10th August, 1988 will be consolidated and form a single series with the £75,000,000 Floating Rate Notes Due 1993 of the Society issued on 8th November, 1985 and the further £25,000,000 Floating Rate Notes Due 1993 of the Society issued on 8th July, 1986 and from (and including) 10th October, 1988, will become known as the £150,000,600 Floating Rate Notes Due 1993 of the Society issued to the Societ

US\$100,000,000 FLOATING RATE DEPOSITARY RECEIPTS DUE 1997 issued by The Law Debenture Trust Corporation pic evidencing emittlement to payment of principal and interest on deposits with

BIL

Banca Nazionale del Lavoro

London Branch Notice is hereby given that the Rate of interest for Coupon No. 13 Notice is hereby given that the Rate of Interest for Coupon No. 13 has been fixed at 8.875% ps and that the interest payable on the relevant Interest Payment Date, November 14, 1988 in respect of US\$10,000 nominal of the Receipts will be US\$231.74 and in respect of US\$250,000 nominal of the Receipts will be US\$5,793.40.

ugust 12, 1988, London y Citibank, N.A. (CSSI Dept), Agent Bank CITIBANCO



Shawmut Corporation U.S.\$50,000,000 Floating Rate Subordinated Notes

Notice is hereby given that the Rate of Interest has been fixed at 9.% and that interest payable on the relevant interest Payment Date November 14, 1988 against Coupon No. 15 in respect of US\$10,000 nominal of the Notes will be US\$235.00

August 12, 1988, London

Dated: 12 August, 1988

August 12, 1988, London By: Gilbank, N.A. (CSSI Dept.), Agent Bank CITIBANCO

Midland Bank plc

£250,000,000

Notice is hereby given that the Rate of Interest has been fixed at 11-4125% p.a. and that the interest payable on the relevant Interest Payment Date, November 11, 1988 against Coupon No. 10 in respect of £5,000 nominal of the Notes will be £143-44, and in respect of £50,000 nominal of the Notes will be £1,434-36.

Citibonk, N.A. (CSSI Dept.), Agent Bonk CITIBANG

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INTERNATIONAL COMPANIES AND FINANCE

Unisys buys ailing computer maker

UNISYS, THE US computer tributed computer systems in group, is to take over Conver which small computers work gent, a California maker of work stations, in an effort to bolster sales of computers running on the Unix operating system, a fast-growing market seg-

It will pay \$7 a share in cash and Unisys shares — about \$350m in total — for Convergent, which has struggled with hefty losses since a series of commercial setbacks in the mid-1980s. The target's shares jumped \$2% to \$5# in early trading yesterday on the news, which had broken the previous

Convergent's technology is particularly prized by Unisys which sells under its own name some of Convergent's computers. With the purchase, Unlays will become self-sufficient in the manufacture of distogether in networks.

Unleys is a leading supporter of a drive by American Tele-

phone and Telegraph, which devised Unix, to make the perating system a global industry standard.
Mr Michael Blumenthal, Uni-

sys chairman, said: "Convergent will become a cornerstone of our rapidly growing busi-ness in distributed systems based on open industry stan-

dased on open industry standards.

"Convergent's skills and expertise in engineering manufacturing and third-party sales will allow us to play a broader role in this market."

Known better by its Convergent Tachnologies brand name. gent Technologies brand name, the nine-year-old company is also a leading supplier of comsuch as NCR of the US and Groupe Bull of France, which sell them under their own

This dependence on other companies for sales caused it severe problems, however. In 1986, AT&T sharply reduced its purchass of Convergent's Unix-based personal computers and it was also hurt by a disastrous foray into portable computers, losing \$28.1m on sales of \$305.8m in 1986 and a further \$19.2m on \$384.8m last year.

Following drastic steps, such as the firing of a quarter of its 1,900 employees, Convergent reduced its first-half loss this year to \$2.1m from \$10.7m a year earlier. Unisys believes its takeover will enable Convergent to make further reduc-tions in staff and costs. Unisys plans to use a mix of

45 per cent cash and 55 per

cent of its own stock for the purchase, but has reserved the right to change the propor-

Efforts to boost Unix as a standard have also been fur-thered by a marketing deal which Sun Microsystems, a California work station maker in which AT&T has a strategic stake, has struck with Fujitsu.

The Japanese computer maker is to sell Sun's S family computers, initially in the Japanese

anese market, in a five-year deal worth at least \$280m. The two companies already have close links, with Fujitsu manufacturing the Sun-designed Scalable Procassor Architecture Chips. Sparc semiconductors, which are also made by three US companies, offer significant performance and cost benefits over compet-

Hambros Bank Limited

Baring Brothers & Co., Limited

Bankers Trust International Limited

Chase Investment Bank

Clive Discount Company Limited

County NatWest Limited

Credit Suisse First Boston Limited

Gerrard and National Limited

Kleinwort Benson Limited

Nomura International Limited

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Saudi International Bank AL-BANK AL-SAUDI AL-ALAMI LIMITED

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Fuji International Finance Limited

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Merrill Lynch International & Co.

Morgan Grenfell Securities Limited

Riyad Bank, London Branch

Sumitomo Finance International

S.G. Warburg Securities

11th August, 1988

.....

July, 1988

appears as a matter of record only.

All these Notes have been sold. This announcement appears as a matter of record only.

EQUITABLE BUILDING SOCIETY

(Incorporated in England under the Building Societies Act 1986,

£200,000,000

Floating Rate Notes due July 1993

Issue Price: 100 per cent.

Seagram, GrandMet in distribution deal

A POTENTIAL source of conflict between Grand Metro-politan, the UK drinks group, and Seagram, the Canadian drinks company, concerning distribution of GrandMet's brands in the Far East has

The dispute arose in February after Seagram beat Grand-Met in a tough takeover battle for Martell, the French cognac

The previous year, Grand-Met, whose principal brands include Smirnoff Vodka and J & B Rare Scotch whisky, had struck a distribution agreement with Martell. The deal was particularly important for GrandMet in the Far East, where Martell had one of the strongest drinks' distribution

The £525m (\$887.2m) acquisition of Martell by Seagram threw this agreement into question, with GrandMet threatening legal action should Seagram seek to terminate the

In a joint statement yester-day, IDV, the GrandMet drinks subsidiary, and Seagram announced a new agreement which they sald superseded all previous distribution agreements between IDV and Mar-

Under the terms of the deal, Seagram will market and dis-tribute all IDV drinks brands as well as its own brands, including Martell cognacs, Janneau Armagnac, Mumm cham-pagne and Chivas Regal — in

Hong Kong, Malaysia, China, Singapore and Thailand. IDV will market and distrib-ute Seagram brands — includ-ing Martell and Janneau — in territories where Seagram does not currently have its own dis-

Details of these will be amounced. Seagram has one of the most extensive distribution systems of any of the leadting drinks groups and Africa may be one of the few areas IDV will distribute Seagram

The terms of the previous agreement were never made public but it is understood it covered areas other than the Mr George Bull, IDV chair-

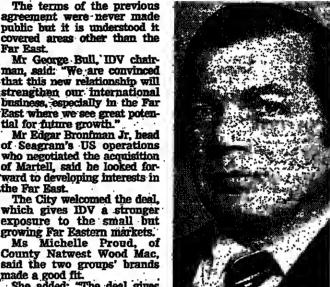
man, said: We are convinced that this new relationship will strengthen our international business, especially in the Far East where we see great poten-tial for future growth." Mr Edgar Brontman Jr, head

of Seagram's US operations who negotiated the acquisition of Martell, said he looked forthe Far East.

The City welcomed the deal, which gives IDV a stronger exposure to the small but

said the two groups' brands made a good fit.

She added: "The deal gives IDV the distribution and Sea-gram the brands to put through its distribution system in the Employer." in the Far East."



Edgar Bronfman: negotiated acquisition of Martell

US Postal Service cuts tie with Perot By Our New York Staff

THE US Postal Service fied with the outcome. The yesterday cancelled a contract with Mr Ross Perot, the maver-with Mr Ross Perot, the maverick Texas billionaire, under which he would have been paid a share of cost savings he a share or tost savings he achieved — reaping him hun-dreds of millions of dollars. Mr Anthony Frank, the Post-master General, said "it was clearly a mistake" to have awarded the contract to Mr.

petitive bidding.
Perot Systems will continue with a six-month \$500,000 study to identify savings but it will not compete for contracts to implement changes to the Postal Service's management

Mr Perot said he was "satis-

serve effectively the Postal Service without any compromise on the quality of the results."

Criticism of the original contract was led by Electronic Data Systems, the company Mr Perof: sold to General Motors for \$2.5bn and for a seaf on the car makers board in 1964 Mr Perof: attempt to bring his aggressively entrepreneurial ay entrepreneu style to bureaucratic GM resulted in an acrimonious dispute with fellow board mem-

bers. Under terms of his December

ban expired Mr Perot announced his new company, funded by a Perot family partnership called Here We Go Again and staffed by senior EDS executives.

Perot Systems intends to seek other work in computer and management systems but cannot, under other terms of the GM agreement, compete for profit against EUS until Postal Service will pay only

Perot Systems' expenses. The General Services Administration, the Government's supply service, ruled that the original Perot Systems' con-1986 separation agreement with GM, Mr Perot was barred from hiring EDS employees until this June. On the day the tract to share in cost savings violated federal contracting

Hughes Aircraft protest halts IBM contract

A RECORD \$3.6bn contract awarded recently to Interna-tional Business Machines has

that the hearing into the Hughes Aircraft complaint from would be held on September 9 and, until then, the IBM

Hughes Aircraft was pas over in favour of IBM after a four-year competition for the contract, which was part of a contract, which was part of a large programme overhauling the US air traffic control system, run by the Federal Aviation Administration. IBM and Hughes Aircraft competed for the order to build the Advanced Automation System.

Hughes Aircraft filed its protest to the GSA last week. It charged that IBM had been It charged that IBM had been able to submit a lower bid because it was allowed to include the use of second-hand

By Janet Bush in New York

been suspended pending a hearing on a protest from Hughes Aircraft, a subsidiary of General Motors. The General Services Administration Board of Con-

contract was suspended.

computers. Hughes Aircraft said it was required to use

only new computers in its sub-mission to the FAA.

It also contended that IBM, which supplies it with comput-ers, had inflated the prices Hughes Aircraft had to pay above the levels quoted in IBM's submission to the FAA. This boosted the total price of Hughes Aircraft's bid.

Mitel reduces loss to C\$2.1m

By Our Montreal Correspondent

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of this a

MITEL CORPORATION, the telecommunications equipment producer controlled by British Telecom, has reduced its first-

For the three months ended July 1, Mitel's deficit was cut to C\$2.1m (U\$\$1.75m) after pre-ferred dividends, equal to 4 cents a share, from C\$7.5m or 15 cents a year earlier. Sales were C\$101m against C\$92m. Cost of sales was 59 per cent of revenues, up 6 per cent, because of US price reductions

NORTH AMERICAN QUARTERLY RESULTS

Imperial Oil acquires

IMPERIAL OIL, Canada's largest integrated oil company which is controlled by Exxon, is paying C\$159m (US\$113.9m) for part of the western oil and gas reserves of troubled United

about future natural gas exports and is also a leading user of gas for enhanced recovery and refinery operations.

By Robert Gibbens in Montreal

United Canso reserves

Canso Oil and Gas.
This brings to C\$1.27bn the amount Imperial has paid out over the past year to raise its The company is bullish

The United Canso assets are complementary to reserves Imperial bought this spring from Ocelot Industries for C\$360m. Late last year, Imperial bought Sulpetro, a large gas producer, for C\$780m.
TransCanada PipeLines is

seeking National Energy Board approval for a C\$555m expan-sion of its Canadian gas transmission system. It aims to run pipelines parallel to its existing cline east of Winnipeg and to add compression stations, mainly in Ontario.

_Mr Max

MR MAX CORPORATION

U.S.\$40,000,000

31/2 per cent. Guaranteed Bonds 1992

with

Warrants

to subscribe for shares of common stock of MR MAX CORPORATION The Bonds will be unconditionally and irrevocably guaranteed by

The Bank of Fukuoka, Ltd.

Issue Price 100 per cent.

Nomura International Limited

New Japan Securities Europe Limited Toyo Trust International Limited

Sanwa International Limited Yamaichi International (Europe) Limited

Barclays de Zoete Wedd Limited **KOKUSAI** Europe Limited Merrill Lynch International & Co. Salomon Brothers International Limited

Dai-ichi Europe Limited **Marusan Europe Limited Morgan Stanley International SBCI Swiss Bank Corporation**

Towa International Limited

1988 1987	1988 1987	1983 1987	1988 1987
Second quarter \$ \$ SRevenues 104.3m	Second opporture 5 5	Second quarter S S	Second quarter \$ \$ Revenues 521.3m 528.7m
	Revenues	Revenues 364.4m 313.6m	
Net income	Op net income	Net Income 38.4m 33.3m	Net Income
Met per share	1 Up net p/sit	Six months	Net per share
Six months		-Revenues 722.9m 632.4m	Six months Revenues
Nel Income	Op net lacome	Net lacome	
Net per share	Oppet p/str 4.27 4.01		Net locome
# Loss		7010000 0100	Net per share
	GENESCO .	. KINDER-CARE	SOUTHERN CO.
ANACOMP	-Footwear	Creches	
Micrographics			Utility holding company
III ICTO PARADICA	1988 1987		- 1988 1987
1987/8	Second quarter \$ 5.		Second operator S S
1986/7	Revenues		Revenues
270uj.			Het income
Third quarter S S	Net per share 0.20 s/a		Net per share 0.52 0.70
	T SIX IDOUTES	Revenues 381.9m 244.1m	Six months
	Revenues	Revenues appropriate 351.9m 244.1m	Revenues 3,476a 3,396a
Op net Income	Het meeme	Lake modeling to the letter and to the	Net Income
	Mer per same comment / :	The same of the sa	Net per sture 1.03 0.58
Nice months 300.9m 166.9m	# Loss	The second secon	ete per se commune 2.45
		MERCANTILE STORES	UNITED BRANGS
Op net Income 23.7m 9.6m	GULF CANADA RESOURCES	Ristalling.	Bananas
Op net p/shr	Resources	MALALINING.	
		1988 1987	1988 1987
CROWKX	Second quarter CS CS	Second quarter \$ 5	Second quarter S S
Financial services	Second quarter CS CS	Demonist 476.2m	
	7 REVENUES TOTAL 239m 177m		Net locome
1968 1987	Net income	lane mieditie iltamment meine	Net per share
First outstar CS CS	Net per share		Six months
Revenues	Net per share. 6 0.04 n/a	Six months 955.1m 920.7m	Revenues
Op net income 15.5m 24m	- Revenues	NEVERTORS AND ADDRESS FOR THE PARTY OF THE P	Net Income
Op net p/ster 0.13 0.28		CACT MANNET TO THE PARTY OF THE	Net per share 1.31 0.97
	Net per share	Net per share	
	HELPE MATERIAL MALE. INT.		VIACON
FRANK B. HALL	HALLIEURTON	MOORE	Media"
Insurance broker	Oliffield services	Business forms*	1988 1987
1000 1000	Children set anders	1988 1987	
1988 1987	1988 1987	1100	Second quarter \$ \$ Revenues 298.4m 254.3m
Second quarter 5 \$		Second quarter USS USS	
Perventies	Second quarter 5 5	Revenues	
Net income	Net income	Net locome 38.8m 31.6m	
Net per strare	Net Income	Net per share 0.42 0.35	Six months
Six months	Net per stare 0.24 0.02	Six months	Revenues
Revenues	Six months	Resembles	Net Income
Net income	Revenues 2,24ba 1.7ba	Mas Income	Net per share
Not per there	Net income	Not not chare	# Loss. Company owned 83% by National
# Loss	Net per share	Canadian, but results in US dollars	Antusements
The state of the s	# LDES		
		A STATE OF THE PERSON NAMED IN COLUMN TWO IS NOT THE PERSON NAMED IN COLUMN TWO IS NAMED IN COLUMN	WENDY'S INTERNATIONAL
POSTE COME & SELDING	HENLEY MANUFACTURING	DEILVY GROUP	Fast food chain
Advertising agency	industrial actors company	Anwertising	1988 1987
4 1		-440	
1998. 1982e-	-A	1988 1987	Second quarter \$ \$
Second popular S.	Second quarter 150 94 150 950 150 960 150 150 960 150 150 150 150 150 150 150 150 150 15	Second general \$ 51	
	Second quarter 1273 Sec. 156, 98	Revenues	
Het Income 4. 74m 5.68m	Wel income 16,2m 7.1m	Net Income 9.1m 8.2m	
Hel per share 0.55 0.68	fiet per shart	Net per shart	Six months
Six months	Six morehs	Che manthe	Revenues
	Periodica characteristics 328m 306m	Revenues	Net Income
	Net inches	. Net income 12.6m 9 6m	Net per share 0.14 #0.05
Net income	Net locket	Het per share 0.87 0.65	# Loss
1811 DE 1821 U.O. U.O. U.T. I	Net per share 287 N/A	· sage has been below and	

Wall Street shakeout hits \$ issues

By Dominique Jackson

EURODOLLAR bonds were marked down sharply in ner-yous, largely professional busi-ness yesterday in line with the bearish trend of the US Treasury market. The Canadian dollar sector also took a battering and many of the more recent US and Canadian dollar Eurobonds fall to trade at discounts of 2 or 3 points below issue price. Syndicate activity was limited to a single Australian dollar deal and a few equi-ty-linked deals on the Conti-

The US banks' move to raise the US canks move to raise the prime rate to 10 per cent from 9% per cent had been anticipated and consequently had little direct effect on prices in continuing thin volumes with retail investors virtually absent. The only limited success of the current Treasury refunding auctions, with Japa-nese interest seen at much lower levels than expected, also helped depress sentiment. However, dealers noted that prices were approaching levels where professional accounts could be tempted to re-enter

Brunei National

THE BRUNEI Government and Tan Shri Khoo Teck Puat, the

Malaysian financier, have set-tled claims arising from the

closure of the Khoo-controlled National Bank of Brunsi, AP-DJ reports from Singapore.

According to a statement by the Goodwood Park Hotel, a

Khoo company, and prepared in Australia by Young Barnsdall and Joys, the chartered accountants, the settlement provides a solution to the civil

claims made by the bank under the direction of a Brunei Gov-

ernment-appointed controller against Khoo and his compa-nies in Brunel, Singapore, Mal-aysia and Hong Kong."

The announcement of the settlement coincided with news

that Khoo interests had sold the Southern Pacific Hotel,

which operates some 39 hotels in Australasia and the South

Pacific, to William Hunt Hold ings of Hong Kong and the Pritzker family of the US for A\$540m (\$US432m).

A major portion of the pro-

ceeds of the sale is expected to go to Brunei to repay NBB debt.

The bank was closed in 1986

after Brunei officials discov-

Bank closure

claims settled

the market to pick up decent quality paper at bargain prices. In the absence of any con-crete news on imminent new issues, rumours started to circulate again yesterday of a substantial dollar straight bond for the European Investment Bank. However, both the borrower and the house said to have been awarded the man-date denied the reports.

Although sentiment was

bearish in most fixed rate sectors of the market, the sterling-denominated floating rate note sector was boosted by demand from investors chary of holding fixed rate instru-ments against a background of ments against a bacaground of rising interest rates. The sector saw brisk buying yesterday, continuing a trend seen since early this week. The resilience of the pound has added to the attraction of sterling floaters and retail interest was seen from both the Far East and the US with several of the more recent issues for UK building societies among those to bene

In West Germany, bond

prices opened markedly lower in the wake of Wednesday's Treasury bond sell-off but later received a boost from the mark's recovery against the dollar on the foreign exchanges Dresdner Bank led a A\$50m issue for SAS Scandinavian

INTERNATIONAL **BONDS**

Airline Systems. The two-year deal carried a 13% per cent-coupon and is priced at 101%. It was bid at a discount of 1%, equal to its total fees.

Union Bank of Switzerland led a SFr120m five-year convertible deal for Japanese real estate developer Tokyo Tatemono on which the coupon is indicated at ½ per cent. UBS also brought a SFr40m

constant and a strain convertible for Yushiro Chemical Industry on which the terms are identical.

Credit Suisse was the lead manager on a SFr100m straight deal for Canadian Imperial

Bank of Commerce. The 10-year deal was pitched at 5% per cent and 100%. Swiss Bank Corporation led

a SFr35m five-year convertible for Ringer Hut, of Nagasaki, noodle store chain operators. The coupon is indicated at %

Finland's state chemical company Kemira issued a LFr300m five-year issue at 7% per cent and par via Credit Europeen and Kredistbank in Luxembourg led a LFr300m five-year deal for a financing unit of its Brussels-based par unit of its Brussels-based parent at 7½ per cent and par.

• Daiwa Europe launched the first issue of warrants linked to the Tokyo Stock Price Index. Topix, which comprises all 1.124 companies listed on the first companies is the Tokyo Stock first section of the Tokyo Stock Exchange. Daiwa said the more Exchange. Daiwa said the more familiar Nikkei index tended to favour longer established companies in traditional sectors while Topix, which is also weighted according to market capitalisation, is more representative of companies in the newer high growth sectors.

Moody's to review mortgage

MOODY'S Investors Service. which triggered controversy on Wednesday in the UK mort-gage-backed securities market

weinessy in the contribution was a securities market by publishing an unrequested rating on an issue lannched in February, said yesterday it would review the issue for possible upgrading.

Moody's gave an A1 rating to the £175m issue of floating rate notes launched by Mortgage Funding Corporation in February through Credit Suisse First Boston. It also gave an A2 rating to £25m of notes issued concurrently by MFC.

These ratings were among the lowest assigned to any mortgage-backed security, and

significantly lower than the AA assigned by Standard & Poor's (S&P's), the other main US rating agency and the market leader in rating mortgage

issues.

The move brought suggestions that such "shadow" ratings were designed to force would-be issuers to pay the necessary £50,000 for a Moody's rating, and were based on less information than that available to S&P.

Yesterday, however, Moody's said it had agreed to review the securities for a possible upgrading after Mortgage Funding Corporation and CSFB had agreed "to work

with Moody's to address cer-tain concerns that the rating agency has in relation to the

agency has in relation to the notes which would thereby qualify the securities for higher ratings."

Moody's assigned a top flight AAA rating to an issue of mortgage-backed notes launched by MFC through Kleinwort Benson earlier this month.

 A £100m sterling commer oial paper programme for Tay-lor Woodrow, the UK construc-tion group, was given an Al short-term rating by S&P's. It said it was the first UK con-struction company to adm an struction company to win an

By Sara Webb in Stockholm

ered that more than 90 per cent of the bank's then outstanding loans had been put into Khoo-related companies. Brunel subsequently charged Khoo, his son and several othcent to about 26,000.

OM said that the average premium price for share and index options had fallen by 30 per cent and that the stock market crash was chiefly responsible for the decline in business so far this year.

However, OM added that the Government's decision to introduce a new turnover tax on the options market at the beginning of 1989 had already

It claimed that some compa nies had started to scale down their options business ahead of the new turnover tax coming into force.

The group said it would continue to expand its overseas business so that it would become less dependent on the Swedish capital market. International business has

income so far this year.

Swedish options markets in reverse

OM. ONE OF the two Swedish om, one of the two Swedish options markets, suffered a severe setback in the first six months of the year with profits taking an almost 50 per cent tumble due to a drop in premium and commission income. Profits (after financial items) reached SKr54.1m (\$9m) against SKr99.3m in the corresponding period last year.

OM reported total income of SKr18.47bn compared with

SKr18.47bn compared with SKr18.87bn in the previous year. The average daily turnover

tracts during the first six started to affect their months has fallen by 13 per operations.

only accounted for SKr16.7m in

Treasury positive over EC By Chris Sherwell in Sydney capital flow A STRONG three-month contribution from newly-acquired ACI and improved tional spread of interests.

By Simon Holberton, Economics Staff

PLANS to liberalise capital flows throughout the Euronows throughout the European Community in 1992, should enhance competition among the providers of financial services and lead to less, costly finance for investment, the Theorems can be better the latest the l

cial services and lead to less costly finance for investment, the Treasury says in its latest Economic Progress Report.

The free movement of capital means that savers will be offered a wider range of financial assets and borrowers will have access to more diverse and cheaper financing.

In what appears to be a reference to the Government's dispute with the EC over the harmonisation of value added tax rates, the Treasury rejects "bureaucratic harmonisation" and says the Government is convinced that the future for Europe lies in releasing market forces and in liberalisation and deregulation.

It says: "As barriers to the provision of financial services throughout the Community are dismantied, the financial sector will be exposed to new competitive pressure. The effect of these changes should be to strengthen the Community sconomy generally as well as the financial sector.

be to strengthen the Community economy generally as well as the financial sector.

"The benefits for UK firms, and particularly financial companies, could well be significant. The UK is well placed to meet the challenge posed by liberalisation, as the financial services industry throughout Europe develops in competition with Japan and the US. In late June, the EC adopted a directive to abolish controls on capital by the end of 1992. This means, in effect, that most EC countries will abolish exchange controls—something Britain did in 1973.

Economic Progress Reports,

Economic Progress Reports EPR (Distribution), Central Office of Information, Hercules Road, London, SEI TDU, free.

Jersey bank agrees to Swiss takeover By Stephen Fidler .

THE ONLY remaining independent bank in the Chan-nel Island of Jerrey, Commernei Island of Jersey, Commer-cial Bank (Jersey), has agreed to be taken over by Swiss Bank Corporation, one of Swit-zerland's hig three banks.

The agreement, subject to the approval of Jersey's Phisnet and Remonnies Con-mitte, will enable SEC to add trust and deposit bank services in Jersey to its existing operations in the field. The purchase price was not dis-

Prudential Bache Capital Funding acted as adviser to the Jersey bank.



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Acquisition helps profits surge at BTR Nylex

performances from existing businesses have produced a strong profit surge at BTR Nyler, the 62 per cent-owned Australian subsidiary of BTR of the UK.

Reporting figures for the six months to June, the diversified Melbourne-based industrial Melbourne-based industrial group yesterday amnounced a 168 per cent rise in net profits after minorities to A\$100.8m (US\$80.6m) on sales of A\$1.3bn, up 125 per cent. On an equity consolidated basis, the profit figure was A\$105.9m.

The group is one of the darlings of the Australian share market, being well positioned in an Australian manufacturing sector which is undergoing

in an Australian manufactur-ing sector which is undergoing a slow restructuring. It is aggressively managed by Mr Alan Jackson, its chief execu-tive, and possesses an interna-

The result was in line with market expectations, but the interim dividend of 10 cents per share fully franked was higher than anticipated and compared with 4 cents in the same period last year.

More than 70 per cent of the increase in group sales, or about A\$515m, came from ACI, the packaging and building products company which BTR Nylex successfully took over in a A\$1.6m deal in March. ACI similarly contributed almost 58 per cent of the increase in earnings before interest and tax.

Commenting on the result, BTR Nylex said ACI, apart from increasing the group's size, sales and profits, had extended its technology, wid-ened its markets and broad-ened its geographical cover.

But it also pointed out that all major market sectors had contributed to the result, with substantial increases in profit "at every level of contribution." Current levels of order hooks, it added, indicated that the group was "on course to achieve further progress in the second half-year."

Two-thirds of the group's overall sales come from the housing and construction sector (about 30 per cent), packaging (21 per cent) and the automotive sector (13 per cent). A significant proportion of sales also comes from abroad.

Yesterday's announcement also included information about the group's overall gearing. Net borrowings as a per-centage of shareholders funds had risen to 65 per cent by June from 56 per cent a year

Arab Banking profits up

By Our Financial Staff

ARAB BANKING Corporation, Bahrain's largest offshore banking group, reports a near 20 per cent increase in pre-tax profits for the first half of 1988. Pre-tax profit rose to \$68m against \$57m a year ago following an increase in operating profits from \$72m to 194m despite more than doubled loan loss provisions of \$36m. ABC, which is owned by the

governments of Kuwait, Libya and Abu Dhabi, said total loan provisions at the end of the

drink group, has acquired 31.5 per cent of Fortronic Technology from the De la Rue group of the UK. The deal give Amatil full control of Fortronic,

first half stood at 2527m compared with \$215m in the yearago period.
For 1967, the group suffered a net loss of \$217m largely as a result of \$375m in loan loss

provisions.

ABC's group assets, which includes those of subsidiaries in Spain, West Germany, Hong Kong and Monte Carlo, rose 12 per cent from \$15.48bn to \$17.28bn in the half year, The group loan portfolio rose from \$6.46bn to \$7.36bn.

Amatil buys stake in Fortronic

AMATIL, the Australian tobacco, snack food and soft Fortronic, which makes Elec-tronic Funds Transfer Point of

Sales (EFTPOS) terminals, will form part of Amatil's recently-created communications and

systems division.

Amatil said it plans to inject aman sam it pass to inject.
greater resources into Fortronic, which it said is the
leader in the rapidly expanding
KFTPOS field in Australia.

Big gain by HK hotels group By Michael Marray

In Hong Kong

HONG KONG and Shanghai Hotels, the company controlled by the Kadoorie family and owners of the prestigeous Peninsula Hotel, yesterday reported pre-tax profits of HK\$174m (US\$22.8m) for the first half of 1988, an increase of 33 per cent over the previous

Year.
Turnover rose by 28 per cent
to HK3522.5m from HK3409m.
Analysts said the results were
in line with expectations, given
Hong Kong's tourist boom and
buoyant rental levels in retail, office and apartment space.
Facilities at the Peninsula were fully renovated during 1987, and significantly higher profit contributions came from both it and the nearby Kow-

loon Hotel Group net profit after tax and minority interests rose 35 per cent to HK\$143.3m.

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Notice of Rate of Interest Notice is hereby given that the rate of interest on the Floating Rate Subordinated Capital Notes due 1997 (the "Notes") issued by First Chicago Corporation for the interest period commencing August 12, 1988 and ending on November 14, 1988 has been determined to be 817/10 per cent per annum. The interest payment date for such interest period is November 14, 1988. The interest or such unerest period is recremed in, 1900. The interest amount, i.e. the amount of interest payable in respect of each US\$ 10,000 principal amount of Notes, for such interest period is US\$ 230.10.

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> **Dome Petroleum Limited** Dated 12th August, 1988

NEW ISSUE

11th August, 1988



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to subscribe for shares of common stock of Bando Chemical Industries, Ltd. The Bonds will be unconditionally and irrevocably guaranteed by The Industrial Bank of Japan, Limited

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Deutsche Bank Capital Markets Limited The Nikko Securities Co., (Europe) Ltd. Banque Bruxelles Lambert S.A. Daiwa Europe Limited KOKUSAI Europe Limited

Salomon Brothers International Limited

Wako International (Europe) Limited

Julius Baer International Limited **Barclays de Zocte Wedd Limited Kleinwort Benson Limited** Merrill Lynch International & Co. New Japan Securities Europe Limited Swiss Volksbank Yamaichi International (Europe) Limited eutside the United States of America and Japan. This appears as a matter of record only.

NEW ISSUE

11th August, 1988



(Shikishima Boseki Kabushiki Kaisha)

U.S.\$80,000,000

3% per cent. Guaranteed Bonds 1992

Warrants

to subscribe for shares of common stock of SHIKIBO LTD. The Bonds will be unconditionally and irrevocably guaranteed by The Daiwa Bank, Limited

Issue Price 100 per cent.

Nomura International Limited

Daiwa Bank (Capital Management) Limited

LTCB International Limited Cosmo Securities (Europe) Limited **Kyowa Finance International Limited** Mitsui Finance International Limited Sanyo International Limited

Barclays de Zoete Wedd Limited KOKUSAI Europe Limited Merrill Lynch International & Co. Salomon Brothers International Limited SBCI Swiss Bank Corporation Investment banking

These securities have been sold outside the United States of America and Japan. This answers as a matter of record only.

NEW ISSUE

1ÇE

11th August, 1988



YOKKAICHI WAREHOUSE COMPANY LIMITED

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unconditionally and irrevocably guaranteed by

The Mitsubishi Bank, Limited

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Mitsubishi Finance International Limited

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Mitsubishi Trust International Limited Wako International (Europe) Limited **Credit Suisse First Boston Limited** Merrill Lynch International & Co. Ryoko Securities (H.K.) Limited

Okasan International (Europe) Limited Barclays de Zoete Wedd Limited KOKUSAI Europe Limited **Morgan Stanley International Tokai International Limited**

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NEW ISSUE

11th August, 1988



KAMIGUMI CO., LTD.

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with Warrants

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Salomon Brothers International Limited Yamaichi International (Europe) Limited

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Smith & Nephew profits hit by strong pound

AN IMPROVED performance in the second quarter helped pre-tax profits of Smith & Nephew, international medical and healthcare group, advance 13 per cent to £54.5m at the interim states

But this was still sharply lower than the acquisition as-sisted 30 per cent increase in the same period last year, and below the company's tradi-tional 20 per cent-plus growth

The strength of sterling has been mainly to blame: the company said a sales advance of six per cent to £267.1m was nine percentage points lower than it would have been at constant exchange rates.
Nevertheless, the underlying performance of all overseas

operations was said to be buoy-ant, with the US the high There, the surgical gloves operation was able to bring increased production capacity to bear on a booming market, whilst Richards, the joint and, surgical implant maker acquired in 1005 [proceed]

acquired in 1986, improved

acquired in 1986, improved market share.

New production facilities for generic pharmaceuticals have been approved by the US Food and Drug Administration, and this division is expected to show a "very significant" improvement in the second

healthcare products, which were already under pressure from the National Health Service squeeze. But the toiletries division, which has been added to by this week's £33m acquisi tion of Albion, showed satisfac-tory growth helped by the relaunch of Nives skin-care

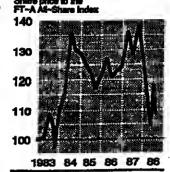
France was described as the best performer in the European region, where group operations continued to benefit from the integration of services and distribution with Richards compa-

The group's cost of borrow-ings almost all of which is denominated in dollars, rose to \$1.1m (£0.8m), swelled by acquisitions last year.

A taxation charge of £16m showed the group still benefiting from a low effective rate for Richards, but the company

warned it would be higher next year. Earnings per share were 3.99p (3.59p). The 11 per cent increase is mirrored in the interim dividend of 1.55p.

The market is still trying to work out how to rate Smith & Nephew, which — hit by NHS cuts and reorganisation problems — rendered up its premium for consistent growth with moults for the fourth. with results for the fourth quarter last year. Now that the In the UK, the strong pound hit exports of denin and also the competitive position of was in the mid-80's, memories Smith & Nephew



of predictable 20 per cent earnings per growth should really be finally laid to rest. These results certainly showed an results certainly showed an improvement on the first quarter, with pre-tax margins - helped by the US surgical gloves operation - coming out about two percentage points higher. The company is positioned in some attractive marhets: demand for generic phar-maceuticals and surgical gloves is growing strongly, while it has to make sense to manufacture orthopaedic equipment as the population ages. Nevertheless, the pro-spective p/e at 13.5 (assuming pre-tax profits of about £123m this year) could in theory be lower; on the other hand, an

week should provide support.

Panel gives GC & C extension

THE TAKEOVER Panel has granted GC & C Brands, the consortium mounting a hostile bid for Irish Distillers, a seven days extension to decide whether it will raise its 315p

offer. The change in the timetable Ine change in the timesane for the bid is because of the intervention of the European Commission which has complained that the consortium-made up of Allied Lyons, Grand Metropolitan and Guinness has contravened EC commission when the magnification petition rules by mounting the joint bid.

Under Panel rules the bid for Irish Distillers lapses on-August 26 and the bidder has until today to decide whether

or not to revise its offer. The Takeover Panel said the extension, until August 19, would give GC & C Brands a further week in order to argue its case with the EC and continue discussions with the Takeover Panel.

Matters being discussed include the circumstances in which a further bid could be made, and by whom, should the bid lapse. Sources in Brussels have suggested that one of the options being discussed by the consortium is whether one of its three members of the consortium might be able to make a bid by itself.

A formal oral hearing between GC & C Brands and the EC has been set for August 26, by which time the extension granted by the Takeover Panel will have been passed. It is understood that the Takeover Panel might give GC & C Brands a further extension, to include this August 26 date, should talks between GC & C Brands and the KC not resolve

should talks between GC & C
Brands and the EC not resolve
the issues beforehand.

The Takeover Panel said it
was not likely at present that
the Panel would seek to
change its timetable rules in
order to take into account EC
commedition policy as were the competition policy as was the case with the Monopolies and Mergers Commission. This might come with the future EC Mergers Directive.

FALKLAND

The Financial Times proposes to publish a Survey on the above on

7TH OCTOBER 1988

For a full editorial synopsis and advertisement details, please contact:

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FINANCIAL TIMES

holders of Ordinary shares registered at the close of business on 5th August 1988.

Holders of Ordinary shares in bearer form should lodge Coupon 126 at Barclays

Bank PLC, The Stock Exchange Services Department, 54 Lombard Street, London EC3P 3AH on or after 30th August 1988 for their entitlement to the above dividend.

On 4th July 1988, the directors declared a cash dividend of 0.075p per share in respect of the 53 weeks ending 5th November 1988, payable on 30th August 1988 to holders of Ordinary Capital shares registered at the close of business on 5th August 1988. In addition, holders of Ordinary Capital shares are reminded of their entitlement to scrip in accordance with the formula set out in the Company's Articles of Association. Such entitlement, based upon each Ordinary Capital share held at close of business on

based on the average price of for each Ordinary Capital share

0.0060076 of an Ordinary Capital share

Fractions of new shares will be sold for the benefit of the Company Scrip, to be allotted on 19th August 1988, will be despatched to registered shareholders on

with allotment instructions, at Barclays Bank PLC, The Stock Exchange Services Department. 54 Lombard Street, London EC3P 3AH on or after 30th August 1988 for their entitlement to s cash dividend and Ordinary Capital shares (in registered form) in accordance with the above.

210 Euston Road 12th August 1988

Company Secretary

Monet and others help Sotheby's up to \$32m

By Vanessa Houlder

SOTHEBY'S HOLDINGS, the international anction group, yesterday announced results for the first quarter completed since it was floated on both the New York and London stock markets in May.

Major sales, such as those of the Andy Warhol collection and Monet's Dans la prairie helped net income for the second quarter to June 30 move ahead 29 per cent from

\$24.5m to \$31.7m (£18.64m).

Operating revenue moved ahead from \$105.8m to \$116.4m.

Mr Michael Ainsile, president and chief executive of Sotheby's Holdings which is the parent company of Sotheby's international auction, finance and real estate operations, described the results as very pleasing.

The autumn season was promising, he said, with Elton John's art and memorabilia collection on sale in London in September and works of Frans Hals, RI Greco,
Gainsborough, Picasso, Degas
and Renoir up for auction in
New York and London. He was encouraged by the number and quality of auction consignments received to date. For the six month period to June 30, net income

increased by 27 per cent to \$36.7m (\$28.8m) on operating revenue of \$171.7m (\$147.4m).

The auction operations contributed operating profit of \$65m for the first six months, up 9 per cent on last year, on sales up by 17 per cent to \$82.9m.

This growth was principally due to the North American

salerooms. The sale in May of Impressionist paintings in New York totalled \$124.6m. Six works of art sold for more than \$5m each, 19 sold for more than \$1m each, while nine artists' records were set.
In London, the auction of Impressionists brought in \$88.6m and Monet's Dans la prairie sold for \$24.3m - the third most expensive painting

sold at auction. Operating revenue from the financial services operation, which provides art-related financing to collectors, was \$6.5m (\$2.5m) while operating profit almost trebled to \$1.9m for the six month period. The real estate operations

boosted operating revenue by 40 per cent to \$19.3m and posted an operating loss of : 962,000 for the six months. In an effort to stem the losses. Sotheby's has restructured its newer operations and reduced overheads.

Earnings per common for the second quarter increased to \$1.12 (\$0.98) and for the first half to \$1.21 (\$1.15). The dividend per common share is \$0.0625 for the second quarter, making a total of \$0.405 for the first six months.

BAe meeting gives approval for Rover deal By John Griffitha

AN EXTRAORDINARY
meeting of British Aerospace
shareholdsrs yesterday
approved the company's acquisition of the Government's 98.8 per cent stake in the Rover vehicles group, and the £1 per share offer BAe is making to Rover's estimated 60,000 small, private shareholders.

Prof Roland Smith, BAe

meeting attended by several hundred shareholders, that the buy-out of private shareholders would cost BAe £13.5m. He was, however, criticised by one shareholder for being "too gen-

However, Prof Smith made a strong defence of the offer, partly on the grounds that to offer less might prevent its acceptance by a large number of Rover shareholders.

The offer to private shareholders compares with a price of 2.7p per 50p ordinary share paid to the Government.

Kleinwort Overseas

assets increase

Kleiuwort Oversens
Investment Trust has reported
total assets at June 30 1968 of
£132.8m, against £113m at
December 31 1967. Revenue for
the six months to June 30 fell
to £2 00m against £2 27m in the to £2.01m against £2.27m in the comparable period of 1967. After tax of £522,000 (£538,000) earnings per share came out at 1.28p (1.33p).

Oil majors show mixed fortunes at interim stage

R.Dutch/Shell at £1.56bn but second quarter well below City expectations

ROYAL DUTCH/Shell, the international oil group, yester-day reported a five per cent increase in second quarter net income to £657m, on a replacement cost basis.

The results came in far

below market expectations and Shell Transport and Trading shares in London fell 29p to close at £10%.
On a historical cost basis

On a historical cost basis earnings fell by four per cent to £633m. Analysts had expected reported earnings in the range of £650m to £650m.

For the first half of the year, however, Shell was still eight per cent ahead, with historic cost income of £1.46bm. On a replacement cost basis this caree to £1.55m a 27 per cent

came to £1.56bn, a 27 per cent

yesterday increased its interim dividend from 4.5p to 5p per share, after reporting a 25 per cent rise in after-tax profits on a replacement cost basis.

Replacement cost profits for the first half of the year were £781m, compared with £584m for the first half of 1987. The

improvements in the first and second quarters of the year were about equal, with the second quarter replacement cost profit this year at £323m compared with £250m in the same

profit on an historical cost basis was £620m, 20 per cent less than in the same period of £1.14bn, but this figure was

also improved strongly, from 12.4bn to 12.9bn. The cause of the dull performance came in Shell's oil exploration and production efforts, where profits fell by nearly half to £194m, compared to £385m in the second quarter.

to £385m in the second quarter of 1987. The group's net equity crude production fell by 1 per cent to 1.7m barrels a day, while natural gas sales slipped by 9 per cent to 5.2m cubic feet a day.

Outside the US, earnings declined dua to lower oil prices, higher tax payments, and higher axploration expenses which. Shell said, was caused by a higher level of exploration activities. In the exploration activities. In the

Cash flow in the first half with low prices and reduced production combined to cut

production combined to cut earnings from £48m to £14m. Shell's manufacturing, marine and marketing earnings, however, moved sharply forward, with net profits of £216m compared to £147m on a historic basis. On a replacement cost of supply basis, these earnings rose by 94 per cent to £239m.

The sales volume of oil products rose by 3 per cent to £239m.

The sales volume of oil products rose by 3 per cent to £239m.

The sales volume of oil products rose by 3 per cent to £239m.

The sales volume of oil products rose by 3 per cent to £239m.

stream sector, particularly in continental Europe. In the US historical earnings increased by 53 per cent to 255m in spite of the explosion at Shell's News reference. Nonco refinery. The refinery is scheduled to be fully opera-

tional in September with the exception of a catalytic cracking unit which was severely

Chemicals earnings grew by 31 per cent in the quarter to: \$245m, with inventory costs having little effect. Outside the US not profits rose by \$50m to £193m. This resulted from higher volumes and improved margins. Petrochemical sales volumes were 14 per cent

US chemicals earnings virtually stood still at 552m, with higher margins offset by the effects of the Norco refinery

Shell said it would announce an interim dividend on Septe-

BP after-tax profits up 25% to £731m

BRITISH PETROLEUM

pared with 2360m in the same period of 1987.
On an historical cost basis, the results for the half looked less good, largely owing to stockholding gains and losses which have followed variations in the price of oll. The after-tax

Mr David Simon, managing director, finance, said that overall the company was well satisfied with the result at a time when the movement of oil prices and of the US dollar had/ been volatile and rather unfa-

The acquisition of Britoff, the UK independent explora-tion and production company, at a cost in 1988 of £2.205bn, was the major impact on RP's balance sheet, but it did not contribute much to the profit

The company said that Brit-oil would require increased : exploration and development expenditure for some time to come, and the favourable effect on BP is to be expected in the

depressed by the 2568m payment for Britoil shares in the period. Mr Simon said that, on an underlying basis, BP was now generating cash at the rate of about 24m a year.

As a result of lower oil prices, pre-tax operating profit (on a replacement cost basis) from exploration and production was 17 per cent lower this time at £764m. Profits from refining and marketing were

refining and marketing were down 2 per cent over tha period at £310m, although there was a marked improve-ment in the second quarter as a result of better refining mar-

ms.
The group said that margins in the refining and marketing part of the business were expected to come under further pressure in the second half of 1988, but if demand continued to be buoyant the outlook in

the oil and chemicals sectors remained encouraging.

The main contribution to The main contribution to BP's improved result came from its chemicals and miner-als operations. In chemicals, the first-helf profit was £250m (£98m) reflecting continuing worldwide demand for bulk chemical products. Profits from chemical products. Profits from
the minerals operations rose
strongly to £118m (£27m). This
reflected increased efficiency
in mining operations and the
rise in copper and gold prices
in the first half.

Mr Simon said the company
remained committed to reducing its debt/debt-plus-equity
ratio from the present 38 per
cent and would continue to dispose of assets when appropri-

pose of assets when appropri-ate. The group would also be looking out for further acquisi-

Green light for Lex Services to enter US

John Griffiths on a breakthrough into the largest car market

FORD US and six other ear makers have given their approval for Lex Service, the UK's largest vehicle distributor, to become the first British public company to penetrate car retailing in the US, by far the recalling in the US, by far the world's largest single mar-

Lex's breakthrough is being watched with hawk-like inter-est by North American fran-chised dealers, for it provides one of the clearest indications yet that fundamental changes are taking place in the coun-try's car retailing business.

The changes appear set to affect both the relationship between US vehicle manufacturers, and their franchised dealers, and the way in which vehicles will be sold in the US in the future.

Not least, the Lex move marks a new stage in what

marks a new stage in what appears now to be a collapse of a collective resistance among US car makers to public com-panies holding car franchises which goes back almost to the start of the industry.

For in receiving the go-shead to inject \$13.5m (£8m) into Calfornia-based dealer group, Campbell Automotive, Lex has also become only the second public group, irrespective of nationality, to break into US car retailing. It was beaten by a native American dealer in Kansas, who offered shares in his company in February.

Foreign and Col Gart Euro lav Tr.

Mosaic invsfin
Mosaic invsfin
Nordie lav Trustfin
Smith & Nophewint
USOC lay Trustint

DIVIDENDS ANNOUNCED

Oct 3

Oct 6

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §Unquoted stock. ¶Third.

BOARD MEETINGS

25

However, the Kansas deal, er's franchises were all for imported makes, whereas the decision on whether Lex could proceed with the Campbell group depended heavily on winning approval from Ford, the second largest manufacturer in the US.

The approval from Ford and the country's National Automobile Dealers'

turer in the US.

The approval from Ford and
the other car makers after
deliberations lasting several
mentils, meant that Mr Trevor
Chinn, Lex's chief executive,
yesterday was able to tell the
London Stock Exchange that it
had completed a deal under
which Lex will acquire a 50 per which Lex will acquire a 50 per cent holding in an enlarged Campbell Automotive group for its \$13.5m - a sum equal to Campbell's pre-injection net

asset value.

Lex's funds will be used to expand the southern California activities of Campbell, which spart from the Ford franchise has dealerships representing Volkswagen, Audi, Porsche, Nissan, Mazda and Mitsubishi. It also has two body repair cen-

If all goes as Mr Chinn hopes, Lex believes that in five years' time its car retailing activities in the US, which will not necessarily be confined to California and the West Coast. could match those in the UK in

Last year, dealerships owned by Lex accounted for about 60,000 new car sales of the UK

12.5 2.35

1.96 2.25 2.6 4.8 8 0.2 3.4 1.3

Sept 20

and leasing, and electronics distribution. But if, as both US manufac-turers and the country's National Automobile Dealers' Association are coming to accept, rising consumer expec-tations mean the need for substantially increased investment by dealers in facilities and service standards, Lex may well be just one of a number of domestic and overseas public groups competing for a slice of the 10m-units-a-year US new

car market. In another significant development, Tokyo Nissan Auto. Sales, the largest Nissan dealership in Tokyo with 80,000 new and used car sales a year, and which has been public for 30 years, has announced that it, too, is investigating dealer

And, although, according to Mr Chinn, there appears to be little investor interest in American car dealerships at the moment, traditional US groups could have no option but to go public in pursuit of the finance with which to stay competi-

General Motors, the US mar-ket leader and the world's biggest auto maker, has yet to have one of its own franchises go public, but it has also indi-cated that it will no longer stand in the way of a group

wishing to do so.

However, Lex itself, insists Mr Chinn, has been in no way a catalyst for change within the US motor trade. He says that the debate about the need for change in the US syst where manufacturers traditionally have insisted on contracts with each dealer as individuals

was well under way when
Lex despatched lift David Beck,

managing director of Lex Antomotive, to investigate prospects in the US in January 1967. The issue has in any case, he suggests, been "blown up out of all proportion" by the US industry.

Lex's opportunities, says Mr. Chinn, will be based on what he claims would be a higher level of customer service than hormally-found in the US. "Our overall approach is that we compete on quality through service although that does service - although that does not mean being price uncom-petitive - and wanting to give something visibly better than

our rivals.
Lex thinks it will succeed "because so many US dealer-ships appear sales and promotion, rather than back-up, ori-

Typically these guys have emerged on the back of high-pressure selling. We weren't sure at first whether there was a place for someone like us. Now we are."

Mr John Campbell, who will continue as Campbell's presi-

dent, appeared during Mri Beck's research to be one of a minority of dealers with a simi-lar approach to Lex.The two companies, says Mr Beck, "just fell into line."

Campbell realised that it

needed Lex, asserts Mr Chinn, because it was not as profitable as it should have been and was under-capitalised for expan-sion. It would also benefit from the application of Lex's corporate management techniques.

This was the area in which this was the area in which lay most potential for conflict with manufacturers. However, recalls Mr Chinn, "Ford made a number of inquiries here (in the UK) and what they were told I think counted for a lot. It is a new situation for Ford. They were the first of our suppliers to agree. They clearly looked at it on its own merits and didn't get hung up."

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Redemption will be at the office of the Principal Paying Agent, Hitt Samuel & Co. Limited at 45 Beach Street, London EC2P 2LX, or at the offices of any of the other paying agents specified on the Bonds, upon surrender of each Bond for payment and cancellation, together with all interest coupons maturing subsequent to the redemption date. Coupons due 15th September, 1988 should be detached and presented for payment in the usual manner.

By Order of

Dated: 12th August, 1988

cham Financiering B.V.

Gestetner Holdings PLC

Ordinary shares
On 4th July 1988, the directors declared an interim dividend of 1p per share in respect of the 53 weeks ending 5th November 1988, psyable on 30th August 1988 to

5th August 1988, is as followsheld, holders will receive

205.294118p

Holders of Ordinary Capital shares in bearer form should lodge Coupon 126,

London NW1 2DA

R.L.E. Lewis

The Financial Times proposes to publish a Survey on the above on

2nd September 1988

The following companies feve notified dates of board receips to the Block Eachange. Buch meetings are usedly held for the puripose of comidating dividencia. Official indisations are not evaluable as to whether the chydencia are interins or freeze and the other chydencia are interins or freeze and the other chydencia are interins or freeze and the other chydencia.

For a full editorial synopsis and advertisement details, please contact: Rachel Fiddimore

on 01-248-8000 ext 4152 or write to ber at: Bracken House, 10 Cannon Street London ECAP 4BY. **FINANCIAL TIMES**

UK COMPANY NEWS

diture, Mr Goward said.

The aim was for Charterball to make an acquisition every year, and that shareholders

could also expect annual rights

issues, although only after a deal had been done, he said.

deal had been done, he said.

The group has a number of stakes in other companies, notably a 20 per cent plus interest in A Goldberg, the Glasgow-based retailer, a 22.1 per cent stake in Bridport-Gundry, the rope and net manufacturer and a 10 per cent holding.

turer, and a 10 per cent holding in Corah, the textiles group. Mr Goward said "we are not stake traders," and emphasised that where a share stake had

been built and then sold, Char-

terhall had been unable to pro-ceed with an amicable bid at a price it was prepared to pay. "I do not like making hostile bids," he said.

New look Charterhall hits £12.4m in 18 months

By Maggle Urry

CHARTERHALL, the former \$141,000 tax charge and on a finance its own capital expenoil and gas group which is now Mr Russell Goward's UK vehicle, has reported pre-tax profits for the 18 months to end-June of £12.4m. Sales were

The year end had been changed to coincide with the accounting period of Westmex. Mr Goward's Australian company which has nearly 50 per cent of the Charterhall shares. In the year to December 1986 Charterhall made a pre-tax loss of £5.7m.

of £5.7m.
Mr Goward, chairman and managing director, also announced that Charterhall would pay a dividend of Ip, the first dividend from the company since 1984. Shareholders can opt to take shares instead of the dividend on a 1-for-20 basis.

weighted average basis, were

Most of the group's oil and gas interests have been, or are being, sold. The US petroleum interests remain, Mr Goward

Following the acquisition of Allebone at the end of 1987 the main trading business of the group is now footwear retail-ing. The purchase of the Len-nards shoe retailing chain from Great Universal Stores is due to be completed today, after which group debt will be \$30m. Charterhall's immediate plan is to rationalise its footwear business, closing some of the shops and cutting out duplica-

tion of warehousing, buying and head offices. Further purchases in the secasis. tor are likely. This business is Earnings per share, after a cashflow positive and can

Metal Bulletin rises

Metal Bulletin, USM-quoted publisher, saw pre-tax profits' advance from £321,000 to £503,000 in the first half of the year. Turnover was lifted from 53.42m to £4.18m.Earnings per share were up to 8.95p (2.55p) and there is aninterim dividend of 1.85p (1.65p).

Mersey Docks hits £2.58m at midyear

MERSEY DOCKS and Harbour Company reported interim pre-tax profits more the dou-bled at £2.58m, against £1.28m. At the annual meeting, the company had voiced its confi-dence for a substantial increase, with the volume of all major commodities handled, except for general cargo, con-tinuing to improve. Turnover for the six months

to the end of June 1988 increased by 3.5 per cent from £25.84m to £26.76m for earnings per 10p share of 12.9p (6.3p).

Mr Bill Slater, chairman, said he looked forward with confidence to reporting a very satisfactory result for the year. He also expected to report what progress had been made with the Government, particu-larly over the financial recon-

Operating profit came out at £3.12m (£1.98m) and the pre-tax figure was struck after lower net finance charges of £535,000 (£714,000). There was again no tax.

Nordic net assets lower

NORDIC Investment Trust reported a 9.7 per cent fall in net asset value per 10p share to 67.8p at May 31 compared with 75.1p at the same time in 1987. Income from fixed asset investments for the year to the end of May totalled £198,000, a

24 per cent decrease. Deposit and loan interest was more than doubled at £21,000 (£9,000), but underwriting com-mission was halved to £3,000.

After deducting losses, profits on dealings in investments by a subsidiary was £65,000 (£233,000) giving a total revenue for the year of £287,000

(£507,000). Interest payable and management fees were reduced to £113,000 (£227,000) and £106,000

(£138,000) respectively and after directors' fees, andit costs and other expenses totalling £72,000 (£85,000) there was a pre-tax loss of £4,000 against a profit of £57,000 last time. After tax of £13,000 (£23,000) the loss per share worked through at 0.12p (earnings 0.25p). The dividend is unchanged at 0.2p.

Foreign & Colonial Foreign & Colonial Investment Trust increased net assets by 18 per cent to 142.2p per share in the six months ended June. The directors are raising cent to 0.72p (0.6p).

Capital Gains Tax

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Davies & Metcalfe advances 75%

Davies & Metcalfe, mechanical and electrical engineer, increased pre-tax profits by 75 per cent from £418,000 to £724,000 in the six months to the end of June. External sales and other income improved by £2.3cm to £8.37m; After tax of £258,900 (£144,000), harmings per

.731m

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777.2

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7.12.22

10p share worked through at the increased level of 7.017p (4.003p). The interim dividend is lifted to 0.6773p (0.63p).

The chairman said that the improvement in the level of trading was expected to con-

PRICE WATERHOUSE and the FINANCIAL TIMES CONFERENCE ORGANISATION

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he risks involved in trading often complex instruments in the capital markets are very clear and the events of last Autumn make the problems even more immediate. In these workshops a panel of Price Waterhouse and banking industry experts examines the risks and explains how they can be managed successfully. Speakers will be drawn from a panel including:

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ordinary share.

of 25% on the corresponding 1987 figure.

On an Historical Cost basis, profit was £620 million. Net stock holding losses of £111 million for the six months reflected the

Exploration and Production had to

KEY FINANCIAL RESULTS

contend with lower crude prices and a weaker dollar. Both Refining and Marketing and Chemicals benefited from lower feedstock prices and firmer product markets. Minerals achieved a marked upturn, assisted by improved commodity prices and a recent programme of restructuring.

1987 HALF-YEAR



1988 HALF-YEAR

Britain at its best.

IL COMITATO PER L'INTERVENTO NELLA S.I.R. **INFORMS**

1) That, contrary to the announcement published on August 2nd, the final date for the deposit of the offers to the notaries is postponed from September 1st to September 12th, 1988.

That the final date for the delivery of all offers to the Comitato by the notaries is postponed from September 7th to September 14th, 1988.

HALF-YEAR RESULTS

In keeping with BP's policy of creating value for shareholders and reflecting a sound performance in the first six months of 1988, the Board of BP has decided to increase the interim dividend from 4.5p to 5.0p for each fully and partly-paid 25p

We achieved a Replacement Cost profit for the half year of £731 million, an increase

weakness in the price of oil in world markets.

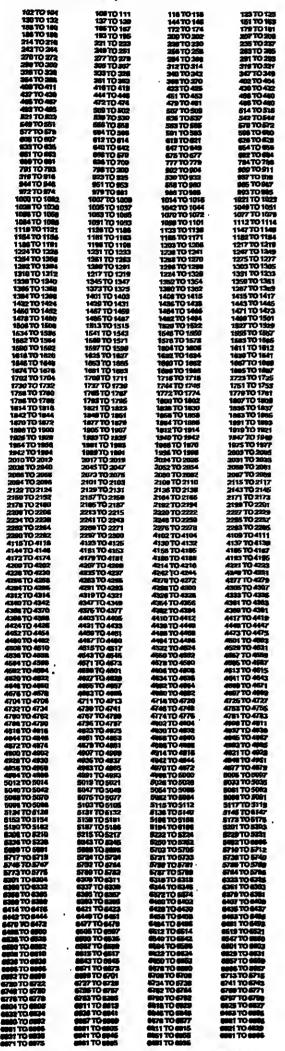
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The principal amount of the bonds outstanding after 15th September, 1988 is KD 1,700,000.

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UK COMPANY NEWS

Telfos is 'trying to buy on the cheap' says Runciman

WALTER RUNCIMAN, a diversified shipping group, yesterday defended its corporate strategy and accused Telfos are strategy are strategy are strategy as a strategy are s Holdings of trying to buy the company on the cheap. In its final defence document

before Telfos's £30.1m bid closes on Angust 21, Runciman described the offer as "totally inadequate" and "ridiculously low" and said the engineering group was not prepared to pay a realistic price for control. Mr Garry Runciman, chair-man, also said Telfos had no

experience of his company's

shipping, security products and Lloyd's underwriting The document contrasts to Runciman's advantage -

By Vanessa Houlder

ings record provides no evidence that they could sustain the growth which Runciman has achieved in the specialised areas in which it operates," Mr Runciman said.

Runciman had responded to the recession and shipping cri-ses of the early 1960s by rationalising or selling loss-making or marginally profitable activi-ties and concentrating on areas with the greatest areas for

In shipping, this involved withdrawal from the tradi-tional tramp freighter business to concentrate on profitable

Admiral Computing in £1.2m

purchase of Itech Information

Admiral said that the acqui-sition of Itech would broaden

its geographical presence in

the UK. In addition, the deal would expand Admiral's cus-

tomer base and would widen its scope for recruiting scarce technical staff.

Itech, which provides soft-

transport of liquefied petro-leum and chemical gases. The Tann International security division bad concentrated manufacturing on one site.

For every four Runciman shares, Telfos is offering a unit consisting of six ordinary shares, three £1 cumulative preference shares and one war-

Yesterday this was worth 343.5p, against Runciman's market price of 331p. There is a 328p cash alterna-

On Wednesday, Telfos took advantage of weakness in the Runciman price to raise its holding by 230,000 shares to

ware services for industrial, technical and defence markets, made profit before exceptional items of £193,000 on turnover of

2885,000 for the year to March 31. The payment will be in the form of £484,000 in cash and 489,310 new shares in Admiral

WH SMITH, the retail and distribution group, is paying gram for Satex, a privately-owned, office stationary distributor. The purchase follows the £12.9m acquisition of Pentagon, another consucrtial stationary supplier, amounted in largers. lanuary.

By Maggie Urry

January.

The consideration will be met by the issue of 'A' shares, with 40 per cent of them being placed at the end of August.

Six Simon Hornby, W H Smith chairman, said "It is a part of our strategy to play a major role in the commercial stationery market, which has been growing rapidly over the last five years."

been growing tandily over the last five years."
Satex's turnover in 1887 was 28.9m and pre-tax profits 2885,000. The purchase price could increase by £590,000 depending on profits achieved in the current year.
Satex has a modern warehouse in north London from which it offers a 24 hour delivery service, and has a sales network across the UK. Pentagon's hase is in Basingstoka with coverage mainly in the south of England.

The two businesses will initially be run separately. Sater's turnover is 70 per cent information processing supplies.

Corporate changes WH Smith leave Mosaic profits doubled at near £1m in £7m stationery expansion

MOSAIC INVESTMENTS. formerly Press Tools, double pre-tax profits from £486,000 to £976,000 in the year to April 30. Turnover for the Midlands-based holding and entrepre-neurial management company jumped 60 per cent to £7.28m. WH SMITH, the retail and

The results were the com-pany's first since the change in corporate objective last autumn and the appointment of Mr Gregory Hutchings, Mr Brian Disbury and David Wil-liams to the board.

A same again final dividend of 2p is recommended for an unchanged total of 3p on the enlarged share capital. Earnings per 10p share rose to 18.45p (7.71p).

acquisitions. Profits of £145,000 from the consumer services and products division com-prised two and a half months' trading of the Copyright Pro-motions Group acquired in

motions Group acquired in February

The industrial products division, of which Press Tools Holdings is the holding company, had an excellent year, directors reported his operating profits increased by 75 percent to £714,000 (£407,000), and while that level of growth was exceptional, they added that current trading remained encouraging. The division made a small acquisition, Cartrins, in April for £55,000.

Group pre-tax profits were

18.45p (7.71p).

The directors, who expressed confidence about Mosaic's future, said they were delighted by the success of the acquisitions Mosaic had made and were continuing to look at \$257,000 (£345,000).

SKF in £5m purchase of AMPEP.

SEF of Sweden, the world's leading supplier of roller bearings, yesterday announced the 25m acquisition of AMPEP, a Bristol-based manufacturer of bearings for the aerospace market.

AMPEP which makes high-AMPEP which makes high-quality plain bearings for air-1992 for each AMPEP share.

SHARE STAKES

Changes in company share stakes announced during the past week include:

ADMIRAL COMPUTING Group, computer software con-sultant, yesterday announced a

£1.15m acquisition of Itech Information Technology Ser-vices, a software services com-pany. This is Admiral's first acquisition since it joined the market in March last year.

PE Kemp - As a result of a recent purchase SEP industrial

recent purchase SEP Industrial
Holdings now holds 522,625
ordinary (11.5 per cent). Kemp
director Mr Victor Mara has
disposed of his holding of
250,000 ordinary (5.53 per cent).
Porter Chadburn — GM
Firth (Holdings) has acquired a
further 525,000 ordinary and
now holds 8.04m (20.15 per cent
of the enlarged capital). Following certain sales GM Firth
no longer holds a disclosable
interest in Porter's convertible
preference shares. preference shares.

Regina Health & Beauty —
Mrs Irene Stain, director, has

disposed of 2.15m ordinary, reducing her holding to 6.58m (39.25 per cent).

Carr's Milling - Heygate and Sons has increased its stake to 1.58m ordinary (23.05

per cent). Group Development Capital Trust — South Yorkshire Pen-sions owns 1.81m ordinary (6.64 per cent). The shares are regis-tered in the name of Bishops-

John I. Jacobs - M&G

sold 485,000 ordinary, reducing its holding to 2.85m (12.95 per tain pension funds and trusts under its management either singly or in aggregate now hold a total of 7.68m ordinary (6.49 per cent).

Addison Consultancy Group

— As a result of recent purchases Prudential Corporation is interested in 3.68m ordinary (5.19 ner cent).

Michael Page Group - As a result of recent purchases the interest of the Prudential Cor-poration group of companies together with that of the segre-gated funds totals 3.64m ordinary (6.11 per cent).

Hampson Industries

Directors have sold the whole
of their rights entitlement
amounting to 1.93m nil paid
preference shares at 4p per
share. The shares were placed
with institutional clients of Smith Keen Cutler and Greene

CCA Galleries — Director P. Dupee has sold 564,250 shares at 125p per share to Conifer. Henderson Administration Group - Legal and General Assurance has increased its stake to 1.27m ordinary (6.1 per

Associated Fisheries - Company bas bought 100,000 of its own ordinary shares for cancellation.

Murray International Trust NatWest Investment Bank and/or its subsidiary and associated companies and/or cer. Institution own 2.54m ordinary 5.58m ordinary (12.02 per cent)

tain pension funds and trusts

(6.19 per cent).

MAI — Abu Dhahi Investment Authority has reduced its holding from 16.76m shares (5.34 per cent) to 5.39m shares (1.71 per cent).

Plantation Trust Company
— CDFC Trust now holds 5.9
per cent of the ordinary capital, Abbey Life Assurance has
increased its holding in Plantation Trust to 770,000 ordinary

(7.53 per cent).

Hughes Food Group

Director J.P. Rose has disposed of 1m ordinary, reducing his holding to 4m (5.47 per cent).

Watson & Philip - Scottish American Investment Com-pany has purchased a further 240,000 ordinary, raising its holding to 865,000 (5.56 per

cent).

City Site Estates — Funds

Control Provident managed by Scottish Provident (16.79 per cent).

DSC Holdings - Director
Ian Wilkes has disposed of
100,000 ordinary, reducing hisholding to 600,000 (7.66 per

GT Japan Investment Trust
- Sum Life Assurance Society
has increased its holding to 1.87m ordinary (5.85 per cent). Alphameric — 31 Group has sold 400,000 ordinary, reducing its holding to 1.8m (8.17 per

RKF Group - As a result of further sales Kistvaen's hold-ing is now 1.5m ordinary (5.75 per cent).

Logitek — Radins has sold 300,000 ordinary, reducing its holding to below 5 per cent.

Anglo Irish Bank - The shareholding held in the name of Alibank Nominees 'N' account has been reduced from 5.04 per cent to less than 5 per

Al Archer Holdings -Ensign Trust has bought a fur-ther 38,500 ordinary and is now. interested in 1.19m (5.15 per

Walter Lawrence - Colguy Walter Lawrence - Colguy ordinary shares proposed. Holdings now holds a total of Shareholders will receive two

COMPANY NEWS IN BRIEF

BENNETT & FOUNTAIN: Offer for Edwin P Lees and Co (Holdfor Edwin P Lees and Co (Holdings) is now unconditional. Valid acceptances have been received in respect of 1.14m ordinary Lees shares (97.92 per cent). Elections for new B&F ordinary have been received in respect of 1.14m ordinary Lees, Elections for unquoted convertible preference B&F shares have been received in respect of 837 ordinary Lees and in respect of all the "A" ordinary.

CSL CORPORATION is acquirintertrail, a trailer rental, company, for £584,000 and Hensby (Commercials), M.A.N./ Volkswagen distributor, for £418,700. The acquisitions will be satisfied by the issue of 1.13m new ordinary CSL charges.

GENERAL ORIENTAL Investments: Net profit for year to March 31 \$210.3m (£124.66m) against \$105m. A dividend of 50 cents is declared, compared with \$1 last time which, direc-tors said then was exceptional. HRY & CROFT: Three for one scrip issue and consolidation of

every five 10p ordinary held after the scrip issue. The new ordinary will rank pari passu in all respects with existing KLEINWORT OVERSEAS

Investment Trust: Net asset value at June 30 was 164.90 (197.8p). Net revenue for the six months £1.03m (£1.07m) for

six months £1.03m (£1.07m) for 1.28p (1.38p) earnings per share. Interim dividend 1p (same).

TAMARIS offer for Lifecare International, acceptances have been received in respect of 17.94m (78.6 per cent) ordinary and 772,951 (70.6 per cent) preference shares. The offers have been declared unconditional.

USDC INVESTMENT Trust saw not asset value rise to 159.5p at June 20 1968 against 140.6p at the halfway stage six months earlier. The trust, which began trading in June last year, reported net profits for the six months to the end of June of 1966,410, compared with a loss between starting up and the end of the year of 22.9m. Earn-iness per 51 share were 2,640 USDC INVESTMENT Trust saw ings per £1 share were 2.64p. and there is an interim divi-

7.7 9.0

CONTRACTS

Spanish motor industry orders

Paint lines at four factories

Amid celebrations for the 25th anniversary of HADEN DRY-SYS ESPANA - a subsidiary of Haden Drysys International, Birmingham - the company has won contracts valued at £17.75m from major vehicle manufacturers in Spain.
A £4.35m contract from Nis-

san, mirrors the projects undertaken by Haden Drysys in the UK, for the company's Sunderland plant, which is

St Anthony's Hsalth Corporation, of Amarillo, Texas, has signed a \$3.25m (21.9m) contract with FER-RANTI HEALTHCARE

RANTI HEALTHCARE
SYSTEMS for the purchase of
The Leadership Series HIS and
Digital Equipment Corporation

St Anthony's Health Corporation comprises St Anthony's

Hospital in Amarillo and Dal-

hart Catholic Healthcare Cor-

poration in Dalhart, Texas. The

WIMPEY HOBBS, the quarrying and surfacing sub-sidiary of George Wimpey, has been awarded work totalling

The company will carry out

restoration of the runway at RAF St Mawgan, Cornwall,

under a £2.3m contract, awarded by Cementation.

raptcy Acz. As a result, the sec

Healthcare computer system

now in the final stages of com-pletion. Haden Drysys Espana will design, supply and install a paint plant for Nissan at its Barcelona factory.

Barcelona factory.

The contract, scheduled for completion in mid-1989, includes "Hydrospin" spray booths, "Hydropac" paint sludge collecting systems, air supply systems, and specialist booths for PVC and sanding applications.
Suzuki Santana has placed

an order valued at £4.4m with Haden Drysys Espans for the design, supply and installation of a paint shop at Santana's Linares plant. Scheduled for completion by mid-1989, the contract includes a body pretreatment system, spray booths, paint sludge collection

corporation also operates St Anthony's Enterprises, Inc., a nationwide network of mobile diagnostic centres, including CT scanners, mammography, lithotripsy and MRL St Anthony's Hospital serves as a leading referral centre for the Texas Panhandle region; Dalhart Catholic Healthcare Corporation provides both acute and long-term care ser-

acute and long-term care services. The two facilities will be

networked to a cluster of two

Gloucester County Council has appointed Wimney Hobbs

as the main contractor under a

£1.6m contract for the resurfac-ing and reconstruction of the

southbound arm of the M5

motorway, between Junctions

In Lincolnshire, the com-

pany has started work on sur-

Resurfacing roads and runways

9 and 11.

NOTICE TO NOTEHOLDERS OF

ZIM ENERGY CORP.

7.5% CONVERTIBLE SUBORDINATED

SERIES B NOTES DUE 2001

Desert August 10, 1983 (Successor to Interest to Affect Bank of Tests, as Trustee)

hereby given by Mouting Resources Corp., successor to Zim Energy Corp., in accordance in 9.14 of the First Supplemental Industries dated December 24, 1986, by and between Zim Zim, (now knownes) decising Resources Corp.) and Afficial Bushof Tema (now knownes) decising Resources Corp.) and Afficial Bushof Tema (now knownes) decising Resources Corp.) and Afficial Bushof Tema (now knownes) decising Resources Corp.) and Afficial Bushof Tema (now knownes) and the Co. Agreement dated December 24, 1986, has filed a pullified socking milet trader the United

FIRST INTERSTALL BANK OF TEXAS, N.A., as Th

systems and air make-up systems.

A contract worth 15m has also been placed by Renault, for the supply and installation of Haden's "Hydrospin" Mark III spray booths and ovens in the company's Valladolid plant near Madrid. The Renault contract is scheduled for comple tract is scheduled for completion in mid-1989.

systems and air make-up

These contracts follow a major order from Citroen, valued at £4m, for the supply of an electrocoat oven plus major modifications to spray booths at Citroen's Vigo plant, scheduled for completion in November

Haden Drysys International is a subsidiary of Haden MacLellan Holdings.

VAX 8550s, on which they will implement The Leadership

Series in its entirety.

The installation will take place in phases. The first

phase, now in progress, includes patient management, patient accounting, order com-munications, results reporting

and medical records manage-ment. Clinical applications, musing management and gen-eral accounting systems will

At RAF Mildenhall in Suf-

folk, work is being carried out

on a £1.3m contract for the

planing and resurfacing of the

GMAC

On August 15, 1988 belders of company from the breat Backed Cartificnies will be entitled by a distr west Backed Cartificnies will be entitled by a distr who entitled has a Gasterial Motor

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MORGAN CUARANTY TRUST COMPANY

7014 Annt Herbeil County Series 1780 (Sery-A

main runway.

Cast iron components for Nissan

Nissan Motor's Spanish subsidiary, NISSAN IBERICA, has won a contract to supply cast iron components to Nissan Manufacturing UK, writes Ian. Rodger in Tokyo.
Officials of the two European

manufacturing subsidiaries of the Nissan group said in recent interviews in Tokyo that this was the first of what they hoped would be a number of moves to co-ordinate production between them.

For example, Mr Toshiaki
Tsuchiya, managing director of
Nissan UK, said his company
hoped to take advantage of

Iberica's facilities for testing the endurance of chassis parts. Both Mr Tsuchiya and Mr Hiroshi Ariga, managing direc-tor of Nissan Iberica, said that tor of Nissan Iberica, said that the compenents contract, covering engine flywheels, brake discs and brake drums, was won on a strictly competitive basts against other suppliers. At present, Nissan UK imports them from Japan.

Mr Ariga said the contract value was small, "but once our quality is confirmed, we hope we can get a bierer order."

we can get a bigger order."

facing the new Al? Long Sut-ton-to-Sutton Bridge by-pass, Spalding, under a £1.77m con-tract for A. Monk, Slaughterhouses

in Zimbabwe

APV, a supplier of process engineering to the world's food and drink industries, has secured through its whollyowned subsidiary, APV Pasilac, a share of an order worth about £17m for the supply of equipment for three slaughterhouses in Zimbabwe.

The order, for cold storage equipment and cold room panels, slaughter processing and secondary product equipment, has been awarded to intercol Food Technology. The com-pany is a joint Danish venture in which APV has a 50 per cent

The project will be financed by the European Investment Bank and the Commonwealth Development Corporation.

SPONSORED SECURITIES 235 185 Ass. Brit. Ind. Ordinary, 234 186 Ass. Brit. Ind. Cirl.S..... 4.5 10.2 43 14.7 6.1 10.3 3.7 3.0 12.4

urities are dealt in strictly on a matched bargain basis. Neither Granvilla & Co nor

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Francisca & Co., Ltd. Lovet Lune, Loudon SCSR \$3P dephone 51-621 1212		I Louit Las Telep	nville Devies e, Loudon BC home 01-62	3R 82

Republic of Indonesia Floating Rate Notes Due 1993

cosmol.

Physicants pursuant to presentation of Notes for redemption in New York, New York, or other payment made within the United States, including a payment made by transfer to a United States dollar account maintening by the payee with a bank in the United States, may be subject to reporting to the United States internal Revenue Service (RRS) and to backup withholds 20% of the gross propeeds if a payee hate to provide the paying scent with an executed RRS Form Villar to case of a non-U.S, person or an executed IRS Form Villar to the case of a U.S. berson Those bolders who are required to provide their cornect supplyer identification matication and when the last of a control of the Committed RRS Form Villar to the U.S. 300. Accordingly, please provide all appropriate cardination when presenting the Notes for payment. REPUBLIC OF INDONESIA

By: THE CHASE MANHATTAN SANK

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

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Share price fears cast shadow

After opening at around DM1.9100 in Frankfurt the dollar plunged quickly to DM1.8975, and then showed

reluctance to move back above

the US trade figures next week, amid rumours that the size of

the deficit will be disappoint-

mg.
The dollar lost ground to all

major currencies, after gaining a temporary boost on the news about higher US prime rates.

It fell to Y133.85 from

Y134.45; to SFr1.5900 from SFr1.5990; and to FFr6.4375

According to the Bank of England, the dollar's index fall to 100.0 from 100.6.

from FFr6.4800.

FOREIGN EXCHANGE trading was perrous yesterday, as dealers watched the performance of world stock markets with some concern, against the background of rising interest rates. Confidence was helped by a recovery of share prices in Tokyo, after the year's biggest fall on Wednesday, but the decline of Wall Street prices on Wednesday and the failure of

the London market to recover, cast a shadow over the currency market. The dollar closed at DM1.9000 in London, compared with DM1.9155 on Wednesday,

supported by very firm US interest rates, but held back by a reluctance to open long positions ahead of the June US major US banks increased their prime lending rates by ½ p.c. to 10 p.c. in New York Federal funds were around 8.25 p.c., compared with an average of 7.80 p.c. on Wednesday. The dollar opened quite firm in Europe, after trading quietly in the Far East, It then fell

sharply however, on comments by Mr Gerhard Stoltenberg, West German Finance Minis-He warned of the problems caused a higher dollar, particu-larly for the US in its attempt to reduce the trade deficit. He added that a further speculative rise in the dollar could lead to higher German interest 410

E IN NEW YORK Previous Close STERLING INDEX Aug.11 Previous

CURRENCY RATES Steriton
U.S Dolfar
Canadian S
Austrian Sch
Belgdan Franc
Danish Krone
Deutsche Mark
Neth Gallier
Freuch Franc
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CURRENCY MOVEMENTS

OTHER CURRENCIES

MONEY MARKETS

Upward pressure interest rates continued yester-day. US banks raised prime rates 1/2 p.c. to 10 p.c., and European money market rates

vère very firm. Call money in Paris rose above the Bank of France mar-ket intervention rate of 7% p.c., and in Frankfurt remained tight up against the Bundes-bank's Lombard emergency funding rate of 5-p.c. French call money rose to 7½ p.c. from 6# p.c., as the franc weakened

gainst the D-Mark.
The French Finance Ministry indicated on Wednesday It has no intention of raising official

ing buck have leading rate 11 per cost

interest rates, in spite of upward pressure on rates in the US, Britain and West Germany. The Finance Ministry said yesterday that nothing has changed, but had no fur-ther comment on credit policy. In Frankfurt banks continued to bid up the level of short term money, after the Bundes-bank's less than generous allocation of funds at this week's securities repurchase agree

The main hope that rates can be prevented from moving higher is that the D-Mark will

Bundesbank will then not be forced to intervene on the foreign exchanges, and this will improve the supply of domestic liquidity. In Amsterdam call money

rose to 5% p.c. from 4% p.c. after a tightening of credit conditions by the Dutch Central Bank on Wednesday. In London money market rates were little changed. Three-month interbank cased

to 11%-114 p.c. from 114-114 The Bank of England initially forecast a market credit shortage of Elsum, but revised this to £250m at noon and to

£300m in the afference. Total help of £176m was provided.

Before lunch the authorities bought £155m bills outright, by way of £26m local authority bills in band 3 at 10% p.c.; 10% p.c.; £2m local authority bills in band 4 at 10% p.c.; and 194m bank bills in band 4 at

10% p.c. In the afternoon another £1m bank bills were purchased in band 4 at 10%, and late assistance of £20m was also pro-

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained £225m, with a rise in the note direulation absorbing £65m, and bank balances below target 25m. These factors outweighed Exchequer

comments by the French Finance Ministry, that there is no need to alter credit policy. in spite of rising interest rates

The D-Mark rose to FF13.3890 DM1.9000. Attention is turning towards from FFr3.38 at the opening in Paris, but eased back to FFr3.3859 at the fixing, after the Bank of France sold a small amount of D-Marks. At the London close the cross rate was around FFr3.3880.

> Sterling tended to drift among the conflicting market currents, and was not at the centre of attention.

The pound gained 1.05 cents to \$1.7015, and improved to Y227.75 from Y227.25. It was unchanged at SFr2.7050, but eased to DM3.2325 from DM3.2400, and to FFr10.9525 from FFr10.9575. Sterling's exchange rate index, on Bank of England fig-

The French franc came under pressure as the D-Mark improved against the dollar.

Apart from remarks by Mr Stoltenberg, the D-Mark also gained support against the ures, rose 0.2 to 78.9. EMS EUROPEAN CURRENCY UNIT RATES central raiss ±1.5344 ±1.5404 ±1.0981 ±1.3674 ±1.5012 ±1.6684 ±4.0752

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	2,0710 - 2,0845	2.0825 - 2.0835	0.23-0.14cpm	1.07	0.64-0.52mg	. 11
THE STATE OF	3.6412 - 3.6512 67.45-67.90	3.64 2 - 3.65 2 67.75 - 67.85	14-15com 31-16com	534	74.5700	3.7
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DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

..... EURO-CURRENCY INTEREST RATES Time:

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F Fr. S Fr.	0.913	1.554 0.629	2952 1195	208.0 84.21	10. 4.049	2.470	瑙	21E7 685.4	1.902 0.770	61.90 25.04
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FT LONDON INTERBANK FIXING

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LONDON MONEY RATES One Year Aug.11 11, 10% 1012

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FINANCIAL FUTURES

Short covering helps bonds

vous tone.

LIFFE SURBBOLLAR OPTIONS Flos points of 198%

yield on the long bond to the highest level since December. Worse than expected demand

Japanese investors bought

US TREASURY bond futures closed lower, but near the day's peak on Liffe, after Chi-cago traders pushed the con-tract up to cover short posi-tions taken out on Wednesday.

Underlying sentiment remained weak, on speculation about a further credit tightening by the Federal Reserve. This week's rise in US interest rates has already pushed the

Calls cart exects
See Dec
662 724
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27
0 10 120 Estimated subsect total, Calis 2521 Pats 1795 Previous day's ocen lot. Calis 29244 Pats 35191.

Com High Low 94-26 94-27 94-13 95-11 95-11 94-29

184.85 182.60 184.10 186.00

Close High Low Prev. 85-63 85-66 84-21 85-20 94-17 84-17 84-06 85-01

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Minetel Volume 10020 (1396) Terious day's open int, 8310 (8112)

CURRENCY FUTURES

LIFFE-STERLING 525,000 \$ per L

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92.48 92.37 92.76 92.18

This was put down fears that US rates are set to move still

for the 10-year notes auctioned by the US Treasury on Wednes-Long gilt futures moved in a day added to the generally nernarrow range on Liffe, and also finished near the day's high. The pound's strength on the foreign exchanges underpinned about 30 p.c. of the \$11bn of 10-year notes. Japanese enthusiasm for the paper was described as poor to moderate. sterling contracts, but the threat of higher interest rates kept trading subdued.

LIFFE FT-SE INDEX FUTURES OFTIONS

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EUROPEAN OPTIONS EXCHANGE

B-Bid

BASE LENDING RATES

Adam & Company 11

AAB - Allied Arab Bk 11

Allied Irish Bank 11 Clydesdale Bank Comm. Bk. N. Eact Norwich Gen, Trust PRIVATbanken Limited . Co-operative Bank ... Coatts & Co Provincial Bank PLC Coetts & Co
Cypus Popular Bk
Oundar Bank PLC
Dancan Lawrie
Equatorial Bank plc
Exeter Trust Ltd
Financial & Gen, Sec
First National Bank Plc
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Banking & Securities Houses Association, o 7 day deposits 4.38%. Savewise 7.16%. Top Tier-E10,000i-instant access 70% & Mortrage base man & December 4.5%. Bortrage

CORPORATE FINANCE ASSET MANAGEMENT INVESTMENT BANKING

Consolidated Highlights at March 31, 1988 (Dollars in Millions, 1U.S.\$ = 1,230.9 Live) 24,552 OUTSTANDING LOANS 17,503 ASSETS UNDER MANAGEMEN⊺ 3,331 SHAREHOLDERS' EQUITY 698 CREDIT LOSS RESERVE 340 **NET INCOME**

ISTITUTO MOBILIARE ITALIANO

Head office in Rome - Viale dell'Arte, 25

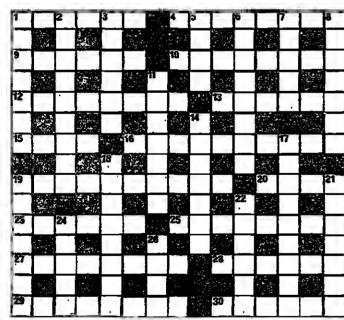
The conterns of this statement, for which the directors of listing Mobilities Italiano are solely responsible, have been approved for the purpose of Section 57 of the Financial Services Act 1986 by Arthur Andersen & Co., as an authorised person.

FT UNIT TRUST INFORMATION SERVICE

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CROSSWORD

No. 6,706 Set by CINEPHILE



- **ACROSS**
- ACROSS

 1, 4 Voice test revealing who won at front Sergeant West? (3,3,5,3)

 9 Close ruse, we hear, we hear, containing N (6)

 10 Unqualified? So wash (to coin a word) outside (8)

 12, 17 Mumps is a complaint many have, long story including half prefix psittacosis, possibly? (8, 9)

 13 Result of highbail? (6)

 15 Click together? (4)

 16 Cylinder used when one kneads (7,3)
- 16 Cylinder used when one kneads (7,3)

 19 Composer of month's "I spy" problem (10)

 20 Instrument for the ear? (4)

 23 Basically and externally flying saucer? (2,4)

 25 Generate fresh drink (5,3)
- 25 Generate fresh drink (5.3)
 27 Last letter of Ivor Novello,
 possibly, sad at heart (8)
 28 Explosive to put among
 militia (5)
 29 Agricultural machine upset
 Herifordshire lady (8)
 30 Broken nose is requiring
 unification (5)
 DOWN
- DOWN

 1 Nag gives bird dry measure
- (7) 2 Cruelly I twist tail off mice for a joke (9) 3 Twist round organ (6) 5 Polish unknown for forty years together? (4)

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- 6, 7 Complaint of children who work in 1,000-dollar firm it's disgusting (8,5) 8 When without, had a meal
- of meal (7) 11 54, golden number for Italian city (7)
 14 A little dress settled at end
- (7)
 17 See 12
 18 Complaint of cuts (6)
 19, 24 Complaint, result of wound felt ill continually (7,5)
 21 Complaint from some as lesions develop may be
- 22 related to tongue (6) 24, 26 Acacia for Chrissie coming in without paying (5,4)

Solution to Puzzle No.6,765 Solution to Puzzle No.6.765

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GUIDE TO UNIT TRUST PRICING

The price at which units may be sold.

The price at which units may be sold.

CANCELLATION PRICE

The maximum spread between the offer and bid prices is determined by a formula laid down by the poverament. In practice, with trust managers agont a much narrower spread, be result, the bid price to often oe well above the minimum permissible price which is carlied the cancellation orice in the table. However the bid price might be moved in the cancellation price in a circumstances in which there is a large excess of sellers of cells over buyers. THEE. The lime shown alongside the fund manager's name is the time at which the oat trusts' delity dealing prices are normally set unless another time is delicated by the synthel alongside the individual time trust name. The synthols are as follows: $\phi = 0001$ to 1.00 hours: $\phi = 1401$ to 1700 hours: $\phi = 1701$ to midnight.

NISTURED PRICING
The letter it denotes that prices are set no a pistoric basis. This means that, unless there has been an individual overlain along the prices are set no a pistoric basis. This nears that, unless there has been an individual overlain portfolio revaluation, investors can normally buy and sell units today as the prices abovering in the newtraper which have been set on the basis of yesterday's asset value. the priots appearing in the newspaper which have seen set on the mans or yearness a meet value. For walks were clied to the process are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing id the newspaper above the prices at which dusts ware carried out peterday. Other explanatory notes are contained in the list column of the FT Uest Information

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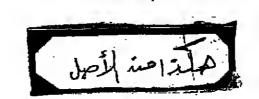
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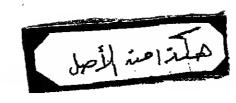
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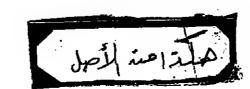


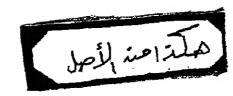
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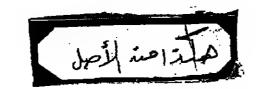




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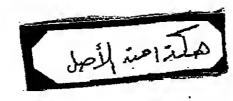
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31 LONDON SHARE SERVICE LEISURE — Control | January | Price | First | Price | | 1988 | Stack | Price | Bet | Cyriff | Price | Blant | Line | Stack | Price | Bet | Cyriff | Price | Bet | Bet | Cyriff | Bet | Bet | Bet | Bet | Cyriff | Bet | Bet | Bet | Bet | Cyriff | Bet | Bet | Bet | Bet | Bet | Cyriff | Bet | Bet | Bet | Cyriff | Bet | Bet | Bet | Cyriff | Bet | Bet | Bet | Bet | Cyriff | Bet | Bet | Bet | Bet | Cyriff | Bet | Bet | Bet | Bet | Bet | Cyriff | Bet | B LEISURE-Contd PAPER, PRINTING, MINES - Contd TRUSTS, FINANCE, LAND - Contd TEXTILES—Contd OIL AND GAS - Contd Price + ar Bir Ret C 455 +3 015c 55 1 105c 1 | 1988 | Stack | Price | + or | Bit | Cror Gr's | 1111 | 45 | Do. Warrants | 108 | 130 | Do. Cum Pty Pred | 147 | 8.4 | 7.6 | 224 | 171|Schroder Global | 52 | 229 | 14.4 | 1.0 | 2.7 ADVERTISING - Centd Stack 250 Market Maph 41 Market Maph 42 Market Stack 45 Market ADVERTISING — CONTO Lum Stack Price — Met CrwSerb P/K 268/PF Group 59 — 9 377 — 12 25 16 4 0.9 13.0 214WCRS Group 50 — 9 465 77 403WPP Group 20 — 9 325 - 2 150 Wace Group 20 — 9 325 - 2 177Wadfoton (J.) — 8 216 - 1 177Wadfoton (J.) — 8 216 - 1 64W20erley Carm 5 — 64 3 4 2 127 8 64W20erley Carm 5 — 64 4 3 1.9 6 2 11.3 138(yettowlastumer 50 — 92 — 4.9 1.9 6 2 11.3 138(yettowlastumer 50 — 126 - 1 25(5.5) 1.8 13.9 TORACE TORACOS STS. FIRANCE, LAND AND TORACOS AND TORACOS STS. FIRANCE, LAND AND TORACOS AND TORACO PROPERTY 55 130 60 111 58 130 150 150 485 399847 inds: of 622 +1 16.5 2.6 5.3 8.1 3158635306 124 pt.1 1006 4 122 +1 012, 424 116.9 447 34580450485 124 p. of 4150 +1 16.0 3.7 3.2 9.5 Miscell and Standard Committee Commi Miscellaneous TRUSTS, FINANCE, LAND 38 -1, 102 -1, THIRD MARKET Price + 67 Dby C-16 P/E + 67 Dby C-16 D 1988 L 1987 L Sbeck 63/SSB Barnett 2p... y 18/Ameroner Energy 10p. y 59/Ansburna Res. 10p... y 19/Barbikan Hidgs. 1p.. y 59/Beckenham Gp. 5p. y 59/Beckenham Gp. 5p. y 59/Caldwell Insty. 10p... o 110/Chelos Artisar. 5p... y 65/Cornac Group 5p... y 65/Cornac Erol. 5p... y 65/Cornac Group 5p... y 65/Cornac Erol. 5p... y 65/Cornac Group 5p... y 65/Cornac Group 5p... y 65/Cornac Group 6p... y 65/Cornac Group 6p... y 65/Cornac Group 5p... y 65/Cornac Group 5p... y 65/Gornac Gorl II 2p... y 65/Gornac Gorl II 2p... y 65/Cornac Hides. 5p... y 65/Cornac Gorl II 2p... y 65/Cornac Price |+ or | Div |C'yrld C.F.S. 151 188 Sectivit Minesi ... 198 ... 19

FT-ACTUARIES SHARE INDICES

	EQUITY GROUPS & SUB-SECTIONS		Thursd	Wed Aug 10	Tipe Aug 9	I-lon Aug 8	Year ago lapprox				
19	igures in parentheses show number of stocks per section		Day's Change	Est. Earnings Yield% (Max.)	Gross Blv Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1988 to date	index No.	Index No.	Index No.	lnd N
	CAPITAL G00DS (209)		-0.2	10.08	S.95	12.30	15.94	808.57	818.49	826.39	
2	Building Materials (29)	1023.08	+0.1	11.13	4.25	12.02	28.65				
ᆁ	Contracting, Construction (37) Electricals (12) Electronics (31)	1605.96	-0.2	10.53	3.34	12.65	26.91			1626.89	
ᆁ	Electricals (12)	2156.88	-0.8	8.60	4.64	14.37	48.13				
5	Electronics (31)	1756.64	-0.5	9.84	3.43	13.05	37.62		1780.20		
읾	Mechanical Engineering (56)	929.36	+0.1 -0.8	9.96 9.50	4.14 3.88	12.47 12.99	5.49 7.95	423.86 494.86			
밁	Motors (14)	307.09	-0.1	11.90	4.64	9.69	5.54				
긺	Other Industrial Materials (23)	7220 41	7.1	0.87	4.19	13.47	28.21		1337.66	1240 50	
ä	CONSUMER GROUP (186)	1002 11	-0.4	8.95	S.60	14.11	17.60		1108.63		
21	Remore and Dietillars (21)	1116.84	-0.5	10.46	S.65	12.05	17.88		1131.92		
51	Food Manufacturing (21) Food Retailing (16) Health and Household (12) Leisure (30)	987.73	-0.7	8.74	S.69	14.64	17.45				
6	Food Retailing (16)	1958.21	-0.4	8.84	3.40	14.93	29.07		1993.23		
71	Health and Household (12)	1844.28		6.74	2.65	17.21	28.82		1861.06		
9	Leisure (30)	1368.36	-0.4	0.37	3.67	15.29	24.81		1387.10		
71	Packaging & Paner (17)	531.46	-0.7	9.26	3.83	13.85	9.64			540.00	
긷	Publishing & Printing (18)	3539.30	-0.5	8.07	4.32	15.56			3611.46		
1	Publishing & Printing (18) Stores (34) Textiles (17)	511.03	-0.2 -1.0	18.12 11.62	4.02 4.57	13.01 18.18	14 <u>.</u> 57 12.51			829.62 614.11	
기	CETTER CROUDE (02)	272.20	-2.0	11.16	4.42	20.95	17.93		902.01	909.89	
។	OTHER GROUPS (93) =	7070.74	-0.2	8.35	2.53	15.13	17.9S		1105.91		
۵,	Chemicals (21)	1058 04	-0.5	12.03	4.79	9.98	25.01		1867.55		
ā	Conglomerates (13)	1204.51	-0.3	10.60	4.48	10.89	20.98		1227.53		
š	Shipping and Transport (12)	1937.86	+0.5	11.10	4.62	11.93	34.04	1931.58	1973.57	1990.22	
7)	Telephone Networks (2)	957.52	+0.3	11.60	4.65	11.18	20.38		963.81	970.09	108
8	Shipping and Transport (12) Telephone Networks (2) Miscellaneous (26)	1187.74	·	11.49	4.35	9.95	24.64	1188.12	1199.64		
9	INDUSTRIAL GROUP (488)	976.09	-0.2	9.85	3.92	12.62	17.77	978.27	909.42	998.43	_
긔	DII & Gas (12)	1823.80	-0.5	10.92	5.84	11.78	Ī		1853.03		
9)	500 SHARE INDEX (500)	1047.96	-0.5	10.00	4.19	12.50	20.55				_
1	FINANCIAL GROUP (122)	702.51	-0.4	- 1	4.95		17.45	705,48	713.41	718.34	
ଥ	Banks (8)	666.09	-0.7	21.49	6.55	6.24	24.36	670.61			
5]	Insurance (Life) (8)	1046.70	-0.6	-	4.79	-	24.97		1079.57		
<u>6</u>	Insurance (Composite) (7)	547.39	-0.4	I	5.56		13.02				
71	Insurance (Brokers) (7),	767.57	-0.6	9.95	6.58	12.98	31.54	973.43	993.45		
힑	Merchant Banks (11)	1220 02	+0.5 -0.2	5.15	4.02 2.63	24.85	7.03 14.21		361.19	362.29 1255.59	49 124
21	Merchant Banks (11)Property (51)	380.92	-0.5	10.52	5.11	11.90	9.41	382.17	384.45		
	Investment Trusts (78)		-42		3.03		12.35	915.31	924.68	933.03	_
ξ١	Mining Finance (2)	508.90	-0.3	9.41	3.70	12.01	8.12	510.50	521.84		
11	Overseas Traders (8)	1140.30		10.10	4.90	11.63	29.22	1140.26		1172.90	
	ALL-SHARE INOEX (719)	957.69	-0.3	-	4.27	-	19.36		971.38	-	_
7		Index	0ay's	Day's	Day's	Aug	Aug	Ang	Aug	Aug	Ye
1		No.	Change	High	Low	10	9	8	5	4	2

	FD	ŒD I	NTE	REST	T			AYERAGE GROSS REDEMPTION YIELDS	Aug 11	Wed Aug 10	Year ago (approx.
	PRICE INOICES	Thu Aug 11	Day's change %	Wed Aug 10	xd adj. today	xd adj. 1988 to date	1 2		9.45	9.75 9.44	9.02 9.66
2345	5-15 years Over 15 years Irredeemables All stocks Index-Linked	120.18 135.88 148.22 167.33 135.68 127,73	-0.01 +0.37 +0.04 -0.06	120.05 135.88 148.24 166.72 133.64 127.80 120.61 121.04	-	7.00 8.59 7.45 7.30 7.92 1.12 2.28 2.18	12	25 years	10.16 9.66 9.34 10.28 9.81 9.38 9.66 75. 3.02 75. 3.87 75. 2.02	9.12 10.19 9.66 9.35 10.30 9.79 9.37 9.69 2.98 3.87 1.98	9.66 10.15 9.93 9.77 10.23 10.10 9.77 9.67 2.87 3.99
	Debentures & Loans					6.61	15	Dels & 5 years. Leans 15 years.	10.87	10.88 10.86 10.86	10.79 10.79 10.79
10	Preference	92.11	-0.21	92.29	-	3.61	ختا	25 years	t 9.79	9.77	10.65

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituent is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 48Y, price 15p, by post 32p.

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TRADITION	AL OPTIONS
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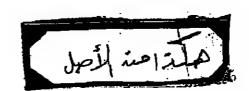
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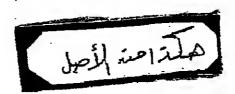


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LONDON STOCK EXCHANGE

Equities rally after early downturn

the pound helped restrain underlying worries over interest rates in London, for the near term at least, and both Gilts and equities enjoyed fairly calm trading sessions yesterday. Bond markets closed quietly, although many dealers noted the continued firmness of London money market rates, and the increa in prime landing rate by a number of New York banks: The equity market opened firmly, with the relly in Tokyo offsetting another heavy fall in

Athern Lines

"First Dealings: " Aug 1 Aug 15 : Sep 5 : ... Option Declared Aug.11 ol Dealings. Aug 12 Sep 16 Account Days ... Sep 12 Sep 26 They time dealings may take place from 0.00 am two business days surfler

despite the comment from the Japanese Finance Ministry that it saw no need to raise the discount rate at present. The major institutions continued to take a very selective New York equities overnight, stance towards equities. While Uncertainty over global interconfidence in the UK economy est rate trends continued to remained firm, the fear that subdue trading activity, inflation worries may bring further rises in UK base rates discouraged fund managers from committing their ample funds in the market place. Share prices took a tumble

at midday when the market showed disappointment with the quarterly trading figures from Shell. There was little selling pressure, however, and London steadied when Wall Street opened on a relatively even keel. The FT-SE Index, down 11.6

st mid-session, recovered steadily during the second half of the session to end with a net fall of only 4.7 points at 1835.2. Market turnover remained brisk and the Seaq volume total, which takes in both mar-

moments later of 3m at 135% p. Both deals were said to have been handled by Hoare Govett.

on Monday set to run for three weeks, dealers think some

investors are buying Store-

house because they believe property firm Mountleigh might launch a bid for the

stores group at some stage dur-ing the new, extended account. Mountleigh failed with its first

bid for Storehouse eleven

International stocks were

described by one dealer as "dreary, but dangerous". A nervous market see-sawed

after the mixed results from

major oil stocks and Wall Street's influence was undi-

remained at a discount and led

the market lower, although

there was little genuine busi-ness shead of the three-week

account which starts on Monday. Hanson fell a penny to

that Hanson could declare

9-month results of £600m"

the next account

Storehouse also featured, rising 4 to 235p in a flurry of late buying. With the new Account ketmaker and customer business, edged np to 465.4m shares. The session was enlivened

by a number of corporate developments, although none of these shifted the general direction of the equity sector. Quarterly trading figures from Shell and British Petroleum found contrasting receptions. Shell, which has recently benefited from investors switching out of BP, fell sharply, extending the loss after trading opened in New York, BP's trading figures were well taken however, and the shares attracted substantial support Speculative situations continued to enliven the market,

Wireless sold its stake and Royal Insurance improving as it terminated a long-running market merger hope by breaking off discussions with Compagnie Financiere du Groupe Victoire

The Gilt-edged market was extremely quiet as the 1994 auction stock was absorbed comfortably, the new issue closing unchanged on the day. "The pound was reasonably steady and the New York bond market rallied after its fall". commented one leading trader. "But we are still worried about next week's money supply fig-ures from the UK and trade figures from the US".

	Aug 11	Aug 10	Aug S	Aug 8	Aug 5	Year Ago	1 High	988 Low	Since	Compl	lation .ow
Government Secs	87.82	87.98	88.31	88.23	B8.35	86.48	91.43	86.97 (13/1)	127.	4 4	8.18 (1/75)
Fixed Interest	97.45	97,43	97.91	97.84	97.77	94.32	98.67 (25/5)	94,14	105.4	4 5	0.53
Ordinary	1477.6	1482.1	1501.1	1514.7	1512.8	1778.6	1514.7	1349.0 (8/2)	1926. (16/7/	2 4	19.4 V6/40)
Gold Mines	188.8	190.4	195.0	196.9	200.4	438.3	312.5 (7/1)	183.9 (11/8)	734.	7 4	13.5
Ord. OL Yield Earning Yld. %(full) P/E Ratio (Net)(☆)	4.59 11.65 10.48	4.58 11.61 10.50	4,52 11,46 10,63	4.48 11.36 10.73	4.48 11.37 10.71	3.24 8.03 15.28	•	S.E. A		ITY Aug 10	Aug
SEAQ Bergeins (5pm) Equity Turnover (2m) Equity Bargains Shares Traded (mi)†	24,059	24,952 1430.77 25,175 439.0	25,442 928.24 24.969 381.3	25,351 854,46 27,061 324,5	25,828 1200.04 26,659 355.8	35,152 1721.10 46,141 459.9	Equ Equ	Edged Ba ity Bargair Ity Valuo	15.	128.5 163.1 2891.98	124 161 1876
Ordinary Share Index,	Hourty (changes						Day averag Edged Sa		121.2	118
●Opening ● 10 z.m. ● 1484.2 1485.8	11 am. 1483.1	● 12 p.m. 1473.6	●1 p.m. 1475.6	●2 p.m. 1477.1	03 p.m. 1476.8	04 pm. 1476.1	Equ	ity Sargain	*5	167.7 2201.64	164
DAY'S HIGH 1486.0 Basis 100 Govt. Secs Gold Mines 12/9/55, 1	15/10/26,	Fixed int Hy 1074,	1928. On	dinary 1/7 37 † Exci	735		•	London Re re index: T	port and	intest	

The following is based on trading volume for Alpha securities dealt through the SEAO system vester-by until 5 pm

FINANCIAL TIMES STOCK INDICES

TRADING VOLUME IN MAJOR STOCKS

Reaction to Shell profits

SECOND-QUARTER results from the two oil majors - BP and Shell - drew contrasting responses. Shell's figures were described as "acutely disap-pointing" and analysts were partly responsible for knocking timent in the market early in the session.

The profits performance: net income of £683m was at the bottom end of expectations -triggered a rush of selling and lowered the share price to 1017p before late support left the stock a net 34 lower at 1025p. Turnover was 1.8m

But analysts were keen to point out that the group will announce the interim dividend on September 15. BZW is forecasting a payment of 21p, while Dr Homa Motamen at CIBC Securities is going for 20p, compared with last time's 16.5p and says the shares are a "buy akness for the yield". She adds that Shell shares are currently trading at a discount to those of Royal Dutch.

BP shares performed exceedingly well after profits in the mid-range of forecasts, and the expected dividend hike. The old rose 3% to 258p after volume of 4.5m and the partlypaid were 17: to the 500 58p on turnover of 14m. aid were 1% to the good at

Trafalgar Hse active Trafalgar House moved back into the spotlight as the British Waterways Board announced that it had chosen the group as joint developer for the £350m regeneration scheme for the Board's 13 acre Paddington Basin site, near Marble Arch in west London, in a deab a Trafalgar House shares traded actively (4.m shares), closing 7 ..

The other competitors for the scheme were Rosebaugh, Stanhope Developments and Spsyhawk Land and Estate. Racal stake sold

Cable & Wireless ennounced that it had "completed the sale of its shareholding" in Racal Electronics, lending credence to recent market rumours that

it had been quietly unloading its 2.8 per cent Racal holding over the past fortnight. A single trade of 8.6m Racal, shares at 320p went through the SEAQ ticker just before midday and appeared to represent completion of the 17.4m share disposal.

Racal shares were heavily traded prior to the C & W news, but business subsequently tailed off and the shares settled a net 3% down



at 320%p on turnover which eventually reached 18m.

Dealers said the sale of the stake closed one chapter in the Vodafone saga — "the C & W holding and the possibility of a moments later of 3m at 135%p. full takeover bid were the icing on the case for Racal share-

But there was a fair amount of buying interest in the stock after Goldman Sachs, the US securities house handling the New York side of the flotation, issued a major note on Voda-fone. Bacal shareholders will vote on the Racal board's propossis at a meeting to be held on Tuesday. Cable & Wireless shares gained 6 to 382p.

Royals advance

Shares in Royal Insurance moved up to 405p, before clos-ing a net 4 higher at 399p on turnover of 2.9m, as the much talked of link-up between Royals, the UK's biggest com-posite insurer, and Groupe Victoire, the French insurance company, was killed off.

A Royal spokesman said: Street's influence was undi-Friendly discussions with a minished. The FT-SE future view to possible association have been discontinued". Royal shares immediately rose on the news which was interpreted by the market as leav-ing the group open to a bid from elsewhere.

up its stake of around 7 per cent. Royals' interim results are scheduled for next Thurs-

day. Sears continues to catch the eye as impressive amounts of the stock change hands each day, Yesterday 20m shares went through the Seaq system.

activity between New York and London. Amersham improved 11 to 623p in modest SEAO Sheres traded 600 tumover.

200

Pearson reacted to an agressive sell note from Nomura earlier in the week and the shares fell 9 more to 756p in 400

high turnover of 864,000.
Scottish & Newcastle spurted into action late as rumours resurfaced that Mr John Elliot's Elders group may be about to launch a bid. The shares gained 11 to 341p in turnover of 1.6m. One dealer mentioned a possible opening bid of 370p today, but added that for marketmakers the concern is to pick the right day. If a bid is made, dealers confidently anticipate a takeout

Other leading brewers were down with the wider market, with the exception of Whit-bread which ended unchanged at 303p as a stock shortage underpinned the price. Grand Metropolitan ran into profittaking after their recent run which caught most dealers short and finished the day 5 worse at 506p. Rumours con-tinue to abound that Grand Met may soon counter-bid for leisure group Pleasurama or later announce a major overseas acquisition using the proceeds from the sale of its Inter-Continental hotels.

months ago, but the one-year moratorium on a second bid will be np at the end of August, right in the middle of British Airways traded briskly at 155p, up 3, after touching 156p immediately following the announcement of the July traffic figures. The combined BA and BCal scheduled passenger traffic increased by 22 per cent above that of BA in July. Cargo traffic in the month was 28 per

In a review of the company last week. Noumrus Research pointed out that it expected the improvement on passanger yields to continue throughout the rest of the year, it also believes that BA remains weil The year also rumoured that 1 m ADR's in New York at pesitioned to take advantage of the John Spaiving led \$11%. Nomura Research Institute Continuing long-term Adsteam group could have tute put out a buy recommented been back in the market to top dation, saying it is feasible ally and research the current ally and regards the current BA rating as undemanding. Smith and Nephew's interim

(E517m) on August 24. BTR was steady after the figures (£54.5m pre-tax against £48.4m), although not np to best market expectations, appeared to quell recent wor-ries about the slowdown in earnings per share growth. The acquisition of Albion Group was regarded as favourable by number of commentators. Smith and Nephew shares held steady at 122p, but volume amounted to only 1.1m.

James Finlay went better gainst the trend as speculation resurfaced of a predator building up a stake prior to a bid. Goode Durrant was the market's first choice but Mr Dudley Thompson, the com-pany's Finance Director, said yesterday. "at this point in time, we have not bought any shares".

He admitted, however, that

since a recent Scottish report linking the two concerns h group had looked at Finlay because of the business similarities. One broking house has bought the stock aggressively over the past few sessions and renewed its efforts yesterday, leaving the shares 3 higher at

108p.
Adsteam featured again this time in connection with Commercial Union (CU) as the Australian group revealed it had recently lowered its stake in the insurance company by just over 3m shares to 6.91 per cent.

CU shares dipped 6 to 365p after turnover of 2.1m.

The big-four banks drifted off as did Standard Chartered which settled 7 down at 511p after further speculation about the stakes held by the "White squires" who control some 37 per cent of the bank. Standard is expected to announce interim results on Wednesday; Kleinwort Grieveson is forecasting profits of £133m and an unchanged interim of 12.5p, but no rights issue until later

in the year". Vickers moved up 3 to 176p in belated response to news of the sale of Comforto Group, a part of the company's office furniture division, for £17.5m cash. A. Cohen advanced 75 to 1000p in a limited market following the annual meeting. Interest in Coben has been enlivened recently by GM Firth's 8 per cent stake in the

Ranks Hovis McDongall dominated a subdued Foods; sector, gaining 4 to 449p in turnover of 3.5m. RHM's confident statement in response to the Goodman Fielder Wattie bid pointed to improved profits and found some new-time buy-ers. Cadbary Schweppes fell 8 to 372p on lack of news. T Cowie gave a splash of coiWaterways Board's Paddington

on behalf of the DTI into specific and minor dealings.
He expects continued profits growth from all divisions, in particular the finance division, and a re-rating as investors increasingly recognise that a material fall in the new car market is not imminent. The group could make pre-tax prof-its of £25m for the year, up 47 per cent on 1987, says Mr

Wright. In a downbeat Property sector, Speyhewk fell 9 to 306p, when failing to win the contract to develop the British

our to a drab Motor sector, ris-ing 4% to 127p as investors

responded to advice given by

Hoare Govett. Researcher Mr

Mark Wright rates the stock a buy on the basis that the shares have recovered from

their low point following the announcement of investigation

Basin site. Two other develop-ers said to have been in the frame for the £350m regeneration scheme also eased on the news that Trafalgar House had won the day. Stanhope fell 6 to 287p, and Rosehangh eased to

Among the Agencies Charles Barker improved 7 to 170p on "new time" speculation that a bid for the company is imminent. So far, more predators have been mentioned in connection with Barker than marketmakers care to remember, but the dealers' favourite remains WPP. With figures due next week, WPP shares were themselves a good market, closing 7 to the good at

605p. Positive recommendations from two securities bouses sup-ported BAT Industries. County

HORNENI, NatWest WoodMac said if the

Royal Insurance Silveria & Sagnetia.

UK group is successful in get-ting Farmers to talk about its increased offer, then it is likely the bid could be concluded without the expensive and time-consuming regulatory hearings creating further uncertainty. Kitcat & Aitken couches its

circular in similar terms and concludes, "BAT's rating is not high enough to be vulnerable to even a finally improved offer of, say, \$75". BAT has made an increased but conditional offer of \$72 casb for each Farmers Business in the Traded

Options Market was again brisk, with a total of 35,618 contracts reported for the day. Stocks in demand most were Sears, Racal, BP and Hanson

Percentage

33.8

4.8

Other statistics, P 25

expected excellent results from BTR Nylex, ending the day unchanged at 287p after turn-over of 5.4m. ICI fell 4 to 1027p amid continuing arbitrage

NEW HIGHS AND LOWS FOR 1988

HENDI LOHIN (21).

INSTITUTE PRINCH (4) Exch. 2-2 pc 1980, Fund.

INSTITUTE PRINCH (4) Exch. 2-2 pc 1980, Fund.

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Development, United, THIRE MARKET (7)

Egibbon Expl.

The Ogilvy Group

1988: Growth continues in Second Quarter.

The Ogilvy Group, Inc. (NASDAQ/LSE - OGIL), the worldwide advertising and marketing services group, reports that net income for the second quarter ended June 30, 1988 increased 11.7 percent to \$9,129,000 from \$8,173,000 in 1987. Earnings per share increased 14.5 percent to \$.63 from \$.55 in the second quarter of 1987. 1987 net income included \$680,000, or \$.05 per share, from the sale of the Company's equity in The Ball Partnership.

Second quarter commission and fee income increased 13.9 percent to \$210,660,000 from \$184,928,000 in 1987, mainly due to growth from existing and new clients. Operating profit increased 13.1 percent to

Net income for the first six months increased 31.5 percent to \$12,638,000 compared to \$9.613,000 in 1987. Earnings per share increased 33.8 percent to \$.87 from \$.65 in the first six months of 1987. First half commission and fee income increased 15.6 percent to \$400,720,000 from \$346,564,000 in 1987, mainly due to growth from existing and new clients. Operating profit increased 26.9 percent to \$28,626,000.

Kenneth Roman, Chairman-CEO, commented "Our results for the quarter and the first half were on target in revenue, operating profit and net income. It's clear that, despite competitive pressures and an uncertain industry environment, advertising is a growth business".

The Ogilvy Group, Inc. Consolidated Statement of Income (in thousands of US dollars except per share figures)

Quarter ended June 30, 1988 (Unaudited)	1987(A)	1988	Increase
Commission & Fee Income	\$184,928	\$210,660	13.9
Total Operating Expenses	167,119	190,526	14.0
Operating Profit	17,809	20,134	13.1
Income before Taxes	17,572	19,132	8.9
Taxes on Income	9,088	9,180	1.0
Net Income	\$8,173(B)	\$9,129	11.7
Earnings per Common and Common Equivalent Share	\$.55(B)	\$.63	14.5
Dividends Paid	\$.21	\$.22	4.8
Six months ended June 30, 1988 (Unaudited)			
Commission & Fee Income	£9.4C E.C.4	£ 400 #00	
	\$346,564	\$400,720	15.6
Total Operating Expenses	324.008	372,094	15.6 14.8
Total Operating Expenses Operating Profit		·	
	324,008	372,094	14.8
Operating Profit	324.008 22,556	372,094 28,626	14.8 26.9

\$.65(B)

\$.87

\$.44

Earnings per Common and Common Equivalent Share

(A) Restated to reflect 1987 poolings of interests.

(B) Includes a gain of 51,023,000 (8830,000, set, or \$.05 per share) from the sale of The Ball Partnership.

Dividends Paid

APPOINTMENTS

Return to the licensed trade

In a surprise move Mr Patrick Townsend, former chairman and chief executive of Matthew Brown, has returned to the industry as deputy chairman of SURREY FREE INNS. He left Matthew Brown last

October when Scottish & Newcastle finally won its three-year battle to take over what was the largest independent brewer in the UK.

In his new non-executive role he is expected to influence the continued growth of a pub company which, sided by the **Husiness Expansion Scheme**, has acquired some 15 outlets and built its turnover to £4m plus since its formation less than two-and a half years ago.

m Mr C. Simon Thompson becomes group tressurer of TRAFALGAR HOUSE on September 1. He was vice ident, treasury operations, RJR Nabisco Inc. Winston-Salem, North

Mr Doug Criwther, previously financial director (a responsibility he retains) has been appointed deputy managing director of FERRYMASTERS, Altrimham. a P&O Group company. Mr Mike Monoghan has been appointed business development director. He was

general manager of the groupage division. Mr Joep Van den Bos, previously director and general manager of the Central European division, has been appointed European services director. He will be responsible for both the Central European and French divisions, and will continue to be based at nburg.

■ Mr Richard Mansell-Jones, chairman of J. Bibby & Sons. has been appointed a director of Barlow Rand, South Africa.

Mr Michael Delahooke has been appointed business. nent director of International Distillers and Vintners. He is deputy managing director of Grand Metropolitan Brewing, to which Mr Keith Eden has been appointed as trading director.

Mr Eden becomes chairman of regional subsidiary companies Samuel Webster and Wilsons, Manns & Norwich Breway, Ushers Brewery, and Phoenix Brewery. Mr K.W. Taylor, managing director of Watney Truman, has also been appointed to the board of Grand Metropolitan Brewing. All the companies are part of the GRAND METROPOLITAN

Mr Howard Little has been appointed to the board of POWELL DUFFRYN WAGON, Cardiff, with special responsibility for Powell Dudryn Tools. He was field

BOWATER PACKAGING has appointed Mr Bob Parris as managing director of Harcostar. He was director and general manager of Bowater Bulk Packaging, and succeeds Mr Geoff Cerr who has relinquished the post due to

Mr David Hancock has been appointed corporate services director of NATIONAL INVESTMENT GROUP, stockbrokers, in the London office. He was with County NatWest Wood Mackenzie. NIG was formed by the amalgamation of eight regional stockbrokers and the London firm of Scott Gough Layton.

BLANCHARDS has appointed to the board Mr Peter Inston and Mr Colin Glass. Mr Donald Sim has

■ SCANDINAVIAN BANK GROUP has appointed Mr Michael Cahen as executive director to head a new corporate finance division specialising in cross-border acquisitions. He was managing director of Paranational

Mr E.F. Howard has been appointed chief executive of the MINSTER INSURANCE GROUP from September 1.

WM SOFTWARE EUROPE has appointed Mr Steve Tunstall as director of product management in Europe. He was managing director of VM-Software (UK).



previously director and general manager of C.T. (LON-DON), fluid handling special ists, has been promoted to managing director. He joined the board in 1986. Mr K.D. Voller has been appointed sales director. He was with Pegler & Louden. C.T. (London) is a subsidiary of Wills

LAURENTIAN HOLDING COMPANY has appointed Mr John Sherriff as investment director. He joins from Legal & General.

■ GENERAL ACCIDENT FIRE & LIFE ASSURANCE CORPORATION has appointed Mr H.J. Kember to the board. He is managing director of NZI Corporation.

Mr David Brown has been appointed director and general manager of HAWKER SIDDELBY POWER PLANT.

COMMODITIES AND AGRICULTURE

Higher crop **forecasts** hit cocoa prices

By David Blackwell

COCOA PRICES fell to 6-year lows on the London futures market yesterday. The second position closed at £887 a tonne - the lowest since July 28,

Analysis said the market was trying to come to terms with rising crop forecasts for 1988-89. Figures of as much as 750,000 tonnes have been mentioned for the Ivory Coast,

mentioned for the Ivory Coast, the world's biggest producer, which is expected to produce 645,000 tonnes in 1987-88.

The Ivory Coast will not sell its cocoa, which is in great demand by confectionery manufacturers, for less than FFr 1,250 per 100 kg, equivalent to about £1,150 a tonne. Earlier this week one tonne. Earlier this week one trade house is believed to have bought between 7,000 and 8,000 tonnes of Ivory Coast cocoa at a premium of almost £200 a toune, sparking talk of further Ivory Coast sales. However, the Ivory Coast has stuck firmly to its policy of not selling below the price it needs to guarantee its fixed

payments to farmers. It started the policy this year after the International Cocon Organisation's buffer stock machinery stopped working.

"The Ivory Coast is winning the game," said one analyst.
"It is getting the price it wants

for the cocoa manufacturers are still going to need." The crop forecasts are exacarbating the fundamental fact that the world is becoming grossly oversupplied with cocoa, Further depressing the market this week has been news that the Cameroums has sold cocoa as far forward as 1989-90, while Malaysia, now the world's third biggest producer, has sold forward the first half of next year's expected record crop.

Liquidation of long positions and selling sparked by falling charts has followed, pushing the second position contract down £65 a tonne since last Friday.

Friday. The International Cocoa Organisation is to meet in London early next month to discuss the mounting problems of the agreement. Delegates will have to face up to the fact that the policy of buffer stock buying has simply not worked in the face of a massive overhang in world massive overhang in world supplies which a steady increase in consumption has no hope of absorbing.

Gill & Duffus, the influential London trading house, estimated in June that end-September world stocks would

equivalent to just over four months grindings. The

months grindings. The estimate seems likely to be increased shortly.

Tuesday, 18th October 1988

BRIAN HERON Regional Manager m 061 834 9381 (telex 666813) (fax 061 832 9248)

FINANCIAL TIMES

SPOT MARKETS

tonnes

latest effort to protect the rural environment is causing consternation among some Welsh farmers. "It's really so contradictory we don't know whether we're going backwards or forwards," commented Mrs Lynn Thomas, who, with her husband Alun, farms just over 1,000 rounded, ravine-filled acres in the Cambrian Mountains of mid-Wales. They bave decided against enlisting their land in the Cambrian Mountains environmentally sensitive area scheme although, at first sight,

attractive.

"It seems no time at all since we signed our agreement to improve the farm by building the new shed for the sheep. And now they're offering us money, not be improved the money not to improve the grass on the hills. It seems money for nothing, you might say. Too easy. So we're staying out for now."

The Thomas's understand-

it appears economically

able confusion, tinged with scepticism about government' promises, goes some way to explain why farmers in Wales are not rushing to join the

ESA's are a British experiment, backed by the European Community, to encourage farmers to have

Bridget Bloom reports on misgivings about the Cambrian Mountains conservation scheme HE UK Government's proper regard for the their current sheep numbers

In return for environmen-tally friendly farming practices which help conserve the landscape, farmers are paid compensation – in the Welsh ESAs, some £30 a hectare. In the Thomas's case, compensation could have amounted to about £7,000 a year for five years bad most of the farm been entered into the scheme. Some observers of today's changing agricultural scene believs the ESA's ars potentially highly significant since they could help solve two of the key problems currently facing farming — the need to control the over-production resulting from high subsidies and the need to halt

European landscape which that production revolution has that production revolution has caused.

The Thomas's problem with the ESA, apart from their scepticism, was the principal condition attached to their joining the scheme. They reckon that they can easily run an average of 2,000 sheep on their farm: the Welsh Office, administering the ministry of administering the ministry of agriculture scheme, wanted this total reduced by more than a third to avoid overgrazing. The Thomases, who believe their hills can sustain

and the need to halt the depradations to much

without narm to the vegeta-tion, said they were not prepared to cut back their flock, carefully built up over the last few years, so

enthusiastically entered the scheme mainly, it seems, because they have not had to reduce flock numbers. Mr Tegwyn Lewis, for example, has put into the scheme just over 400 acres of land he farms in the Plynlimon area and will receive about £5,000 a year in compensation. He has richer grassland elsewhere which is not in the scheme - onto which he can move his sheep at key times of year — so be is not having to cut his flock numbers substantially.

The Cambrian Mountains ESA covers about 150,000 hectares, of which just over 50,000 ha is defined as seminatural rough grazing and is thus eligible for the scheme. So far, about 12,000 ha have been entered from 82 of the 1,000-plus holdings in the area.

This is a considerably lower as of area, than has been submitted in many of the other 19 designated ESA's throughout the UK — ranging from the



wetlands of the Somerset Levels to the Suffolk River Valleys and the Pennine Dales and covering nearly 2m acres of farmland in all. Part of the reason for this lower participation is the innate caution of Welsh hill farmers. As Mr Emyr Hughes, Cardigan county secretary of the National Farmers' Union says: "We Welsb tend to be late

developers - we want to stand and look over the gate to see whether the other fellow is making a go of it before we But the Cambrian Mountain

experiment does illustrate two of the principal difficulties which are beginning to emerge as the ESA schemes move into their second year of operation. They are extremely time-consuming, and thus costly, to set up — and they may not be as effective as officials would have liked in curbing overall

moduction.

The Countryside Commission, with the Nature Conservancy Council, provided the original recommendation to the Government for designating the ESA's. In this, it noted that the Cambrians from a striking and distinctive landscape and . . with their unusually varied grassland vegetation . . . contrasted in the drier east by heather, bilberry and bracken . . and oak woods along the craggy valley rims . . are the only major remaining undesignated remaining undesignated upland area in England and Wales."

It recommended that their varied vegetation be protected under the scheme by low-grazing levels. But so varied is the vegetation that each farm

Wool is meanwhile expected to retain its position as

Anstralia's biggest export earner. It brought in A\$6bn in 1987-88 and analysts expect

that performance to be duplicated in the current year.

return for the year.

'Money for nothing' puzzle for Welsh farmers submitted to the ESA must be individually surveyed and mapped by an agricultural official, who can spend as much as a week walking the farm, working out stocking levels and concluding a single former agreement.

farmer agreement.

The second problem is illustrated by Mr Tegwyn Lewis, who candidly admitted that while he would abide by the ESA agreement on the land submitted and would do so because he believed in the importance of conservation, he would spend some of his would spend some of his compensation on improving the productive capacity of the land not entered into the

It is far too early to judge the overall effectiveness: of the ESAs: while nine (including half of the Cambrian Mountains) are coming into Mountains) are coming into their second year, ten (including the mid-Cambrian area) were designated only last December. But as Mr Philip Finnegan, who is responsible for the administration of the scheme from the Welsh Office in Aberystwyth, notes: a new principle is being established, for farmers are being encouraged, entirely voluntarily, to become involved in conservation issues and the Government is ready to pay for them to make the effort.

FAO forecasts grain stocks at bare minimum? DROUGHT IN North America

DROUGHT IN North America will cause world cereal production to fall for the second year running and cut global stocks to the bare minimum, the UN Food and Agricultural Organisation warned yesterday, reports Reuter from Reme.

If forecast that world cereal production would fall to 1.77bn tonnes this year. 18m tonnes the tonnes this year, 13m tonnes below last month's forecast

below last month's forecast and 24m below last year's actual output, the FAO sald in its August outlook.

Worst-hit by the drought was the coarse grain crop, now estimated at 772m tonnes world-wide, down from an earlier forecast of 785m tonnes and last year's 819m.

The FAO sald wheat production would be 516m tonnes, the

tion would be 516m tonnes, the same as in 1987, while rice out-put would rise by 5 per cent to 494m tonnes from last year's drought-effected 461m tonnes. The drop in production would cause a record 80m tonne drawdown from global cereal stocks, cutting them back to an estimated 319m.

tonnes by the end of the 1968-89 season. "At the projected level global stocks... would be at the

Counting the cost of the **US** drought

By Nancy Durate in Washington

STARTING AT 3 am Eastern Standard Time yesterday, about 75 commodity specialists and clerks began a 12 hour stint in a locked area of the US Agriculture Department where they worked feverishly to produce the most definitive produce the most definitive and the US doubt the US doubt. report yet on the US drought.
Security in the scaled off
area matched anything the
Pentagon or the Central
Intelligence Agency might
contrive. No phones were
permitted, and no one was
allowed to leave until the allowed to leave until the allowed to leave until the report was produced.

Commodity traders and farmers waited narvously since any unexpected results could send the volatile markets plummeting or soaring. Because of the sensitivity of crop reports, they are never released until the commodity markets are closed for the day. To measure the impact of the worst US drooset in more the worst US drought in more than half a century, the US Agriculture Department has added a special survey of 16,000 farmers in 28 states to the statistical techniques it generally employs to predict the harvest. These were the same farmers who were

report last month.

By going back to those same farmers we will be able to get a better idea of how many of those acres still are intended for harvest," said Mr Charles Caudill, administrator of the Department's National Agricultural Statistics Service.

Data from the special survey. supplemented the information gathered for the Department's usual monthly production reports, which provide state and national forecasts for the major commodities. The monthly reports are based on two categories of

data: that produced by farmer surveys and site inspection of crops in the fields.

Generally, about 30,000 farmers participate in the survey, answering questions by mail, telephone or in personal interviews on their planting plans, acreage, yield and crop conditions. The inspection data is compiled from figures produced by thousands of "enumerators" who go into field sites that have been ran-

domly selected in major producing states to represent statistically all acreage planted for a given commodity.

Data is processed in 44 field offices around the country and summaries are electronically Department in Washington. The national statistics are not

compiled until the day the crop

Firmer wool prices steady Australian growers nerves

INTERNATIONAL WOOL the first week of the new prices yesterday appeared to bave attained a measure of of July, it dropped a further 16 stability at the conclusion of cents to 1,075 cents, and then 1988-89 selling season in Australia.

The steadiness offered some comfort for those wool growers who had grown nervous about the declining trend which materialised after April, when the market indicator —the benchmark measure of prices of all categories of wool -reached its peak, a remarkable 1,269 Australian cents a kilogram (clean). By the end of the last season, in June, the indicator had slipped back to 1,091 cents. In

last week another five cents to 1,070 cents. Yesterday's closing figure

was 1,071 cents, however, up two cents from Wednesday. and the Anstralian Wool Corporation, the industry's premier official body, was expecting continued firmness next week.

The Corporation is also standing by its predictions of last May, when it forecast that the average market indicator price in 1988-89 would be similar to the average for 1987-88 of around 1,000 cents, but would show a reverse trend, with strength in the first half of the season and more

weakness later.

Behind that prediction lay a combination of bullish factors like reduced wool availability following the general depletion of stocks and bearish factors such as negative buyer reaction to the overall price

since then the wool supply picture has improved: because of an increase in wool production in Australia, the availability of apparel wool, Australia's main product, will be down only marginally, and not by two per cent as originally foreseen.

On the other side of the equation, demand appears to be holding up. Some buyers who stayed out of the market as it rose too high are said to be living from hand to mouth, and aithough prices may now be lower in Australian dollar terms, the currency has actually strengthened against most major currencies How nervous the growers should really get, however, is another matter. In July the Corporation set the wool floor price, the level at which it

For the grower this comforting picture is reinforced further by the knowledge that good grazing land is commanding higher prices. Unsurprisingly, some economists see wool, and firm commodity prices generally, as one of the most important factors explaining the burst of consumer demand driving intervenes in the market, at 875 cents - up a record 35 per cent on the previous season's figure, and effectively Australia's current economic guaranteeing them a strong

EC farm prices average 150 per cent above world level

been produced in response to a remaining commodities were parliamentary question answered by Mr Donald price £88); barley £150 (£92);

tonne on world markets. The equivalents, compared with comparable figures for eggs "notional" will prices offered were 2822 and 1305 and for pig- 1 to importers before payment of

maize £163 (£286) sugar (white) necessary to safeguard food £435 (£196); butter (82 per cent fat) £2,336 (£641); cheese (cheddar) £2,365 (£830); consumption, the report said.

THE PRICES which the Ruropean Community guarantees to its farmers and food processors were on average 150 per cent higher last month than those pertaining on world markets. According to figures Li,172 a tonne to EC producers compared with a world price of 2470 a tonne. At the beginning of this year, EC prices for several of the Il commodities, including wheat, barley, maize and sugar, were more than 200 per cent above world levels, while between 63 per cent and 88 per cent for grains, 122 per cent for sugar and 264 per cent for

By Bridget Bloom, Agriculture Correspondent

published recently by the British Ministry of Agriculture, Il commodities, ranging from

cent above world levels, while butter was over 300 per cent more. Rising world prices have

Within the Community, eggs, and poultry are the least protected commodities, fol-

WORLD COMMODITIES PRICES

(Prices supplied by Amalgameted Metal Tracking)

2770-90

Kerb close Open Interest

7,760 fota

meat £1,431 and £616. The ministry figures have

to the British figures, as at July 23, pouliry meat fetched a guaranteed price of £1,015 a tonne compared with £699 a Thompson, a junior minister. They show the EC's so-called threshold, or intervention, prices, or their nearest

import levies. EC prices per tonne for the

necessary to safeguard food security," corresponding to around 18 per cent of global

wheat to white sugar, averaged since narrowed the gaps to

COOK OF OUTER POB		+ or -		Close	Previous	High/Low		Cios	10	Previous	f#gh/Lo	W AM	Official	
Dubel Breat Bland	\$13.15-3.20; \$15.05-5.10;		Sep	904	952	945 903	Alpedok	30. 7	% purity	(\$ per tonne)				_
W.T.I. (1 pm eet)	\$15.65-5.70		Mer May	887 894 907	929 927 940	924 881 922 886 935 903	Cash C month	2760 2730		2825-35 2740-60	2790	2780		_
Oil products (NWE prompt delivery per	tonce CIF)		Jul	926	955	949 928				2 per tonne)				-
		+ or -	Sep	938 960	1004	954 935 1008 965	Cash	1585		1595-8	1586	1566	-7	-
Premium Gasoline Gas Oil	\$170-171 \$120-132	-1.5	Turno	ver: 10138	(5390) tota	of 10 tonnes	3 months	a 1496	-600	1506-7	1615/14	6 1495	-6	_
Heavy Fuel Oil	\$68-70	+1				Rs per tonne). Delty	Copper,		(E per to					_
Naphtha Petroleum Argue Estimates	\$133-135	-2			1192.14 1	1190,47) ;10 day ever- 194,99) .	Cash 3 months	1251		1237-8	1251/12/			
Other		+ or -							đ (E per t				<u> </u>	-
Gold (per troy og)	\$427.50		COPP	E Efjorne	•		Cash	1210		1200-5		1206	-10	-
Sliver (per troy ox)& Platinum (per troy ox)	9000 \$526.75	-1 +5.50		Close	Previous	High/Low	O months			1200-6		1206		
Palledium (per troy cz)	\$123.75	1000	Sep	963	1013	1021 960			fine ounc					
Aluminium (free markot)	\$2785	-40	Nov	997 998	1023 1030	1032 992 1042 994	Cash 0 months	678-6		661-4 675-8		007-7		
Copper (US Producer) Leed (US Producer)	29-100e	-14	Mar	996 1005	1033	1042 992 1052 1000	Leed (E p			0,50	_	661-4		-
Nickel (free market) Tin (European free market)	665c	+0	Jly	1013	1045	1052 1008	Cash	353.5		363-6	354/363	358-4		_
Tin (Kusia Lumpur merket)	19.24r	+0.04	Sop	1021	1005	1020	3 months			267-8	359/355	354-6		
Tin (New York) Zine (Euro. Prod. Price)	341.5c \$1200				(3460) lots (prices (US (of 5 tonnes cents per pound) for	Michai (S	per ton	10)					Ξ
Zinc (US Prime Western) Catile (live weight)†	655gc	-0.15*	Aug 1	0:Comp. 105.20	delly 107.22	? (105.92); . 15 day	Cash 3 months	14550		14600-60 13400-600	14700	14700 400- 13800		:
Sheep (dead weight)†	187.74p	-17.6*					Zine (£ pe	er tonne	,					_
Pige (live vieight)†	68.13p	-5.04*		R (\$ per k			Cash	750-2		750-2	752	752-8		_
London daliy sugar (raw) London daliy sugar (white)	\$309.0x \$269.5x	+5.2 +4.0	Rev	Close	Previous	High/Law	3 months	740-1		743-4	746/740	739-4	<u> </u>	_
Tate and Lyle export price	£292.5	+1.5	Oct Dec	255.00 258.00	265.60 261.80	266.20 258.00 262.60 262.40	POTATOE	S Chora	na -			LONDON		=
Barley (English feet)	1012	_	Mar	242.20	250.00	251.00 242.00		Close	Previou	s High/Low		Gold (fine		=
Malze (US No. 3 yellow) Wheat (US Dark Northern)	£143 unq	-1	May	230.00	237.00	244,00 243,00 236,20 237,00	Nov	66.6	8.00	86.0 64.0		Close	427	_
Tubber (spot)♥	78.00p	+0.75	Oct	226.00	235.00	234.00	Feb Apr	79.0 91.3	80.0 96.0	77.0 77.0 95.5 90.1		Opening	420	4
tubber (Sep) Y tubber (Oct) Y	79.00p 79.25c	+0.75 +0.75						100.5	107.0	102.0 99.0		Morning 1 Afternoon		
Subber (KL RSS No 1 Sep)		+1.5	White	Close	Previous	High/Low	Turnover	1020 (80	26) lots o	40 tonnes.		Day's high	h 429	1
Coconut oil (Philippines)§	\$580x \$442.5	-25	Oct	277.00 272.00	252.00 279.00	282.00 277.00 279.00 272.00	SOYABEA	M MEAL	Chonne			Cuins	\$ p	_
Copra (Philippines)\$	\$430		Mer May	274.00 275.00	279.50 279.00	279.50 275.00 279.00 275.00	-	Close	Previous	High/Low		Mapleleaf	<u> </u>	_
	\$207 59.75c	+2 +0.20	Aug	276.00	279.00	275.00	Oct 1	72.50	173.00	178.50 172		Britannia	440	
	652p		Oct	. 275.00	279.00	277.00 272.00		173.00 182.00	178.00	178.00 177. 182.00	50	US Engle Angel	440	4
a tonne unless otherwise	stated p-per	ce/kg.		pr: Paw 2 171 (2145)		lots of 50 tennes.	Apr 1	182.00	182.50	182.00		Krugeman New Sov.	d 428	
centarity, r-ringgit/kg, y-Se Aug/Sep, a-Sep/Oct. †Mes	commission	uraug. 1 8 V97-	Parts-1	Mhille (FFr	per tonne):	Oct 1795, Dec 1775,	Jan 1	74.00 .	173.50		<u></u>	Old Sov.	100	٠,
ge fetstock prices. " chang	e from a wee	ık ağor	Mar 17	75, May 1	785, AUG 17	90 Oct 1790	Turnover	135 (441) lots of	20 tonnes.		Noble Plai		_
flondon physical markst. ullion markst close, m-Mei							FREIGHT	PUTURE	3 \$10/Ind	ex point		Silver Sx	p/fit	M
NORTHER			GAS OF	L \$/tonne				loge	Previous	High/Low		Spot	393	
IRELAND				Close		High/Low		248	1243 1363	1246 1295		admont 6 whenom 0	404.	4
The Financial Times p			Sep	132.00	131.75	132.25 131.60		183 483	1455	1463 1449		12 months		
to publish this surve			Oct Nov	134.25 136.25		134.76 133.50 136.00 136.60	Jan 1	495	1480	1495 1470				-
•	-		Dec	137.50		137.25 198.50	Apr 1	524	1515	1524 1510				

GAS 0	L \$/tonne		
	Close	Previous	High/Low
Sep	132.00	131.75	132.25 131.60
Oct	134.25	134.00	134.76 133.50
Nov	136.25	135.50	136.00 136.60
Dec	137.50 136.25	136.75 135.50	137.25 136.50 136.25 136.00
Fab	134.25	134.00	130.20 130.00
THROW	N 2042 (8	238) lots or	100 tonnes
GRAINE	£/tonne		
Wheek	Close	Previous	High/Low
Sep	108.10	105.90	106.30 186.00
Nov	100.00	108.75	109.25 108.70
Jan	112.00	111.75	112.30 111.70
Mar	114.55	114.30	114,55 114,50
May	117.2B	116.85	117.25 116.85
Series	Close	Previous	High/Low
Sep	101.80	101.70	101,86 101,40
Nov	105.05	105.00	105,05 104.86
Jan	108.05	105.00	108.05 107.70
Mer	110.45	110.50 112.10	110.70 110.40 112.80 112.00
May	112.30		

Wheet 227 |186) . Barley 331 (166) .

Cash 3 mo		5-80 8-600	1595-8 1506-7	1506	96	1886-7 1495-8	1	515-6		48.26	31 fota
	or, Grade	4 (£ per t	onne)						inov	-	,660 ton
Cash	125	1-2	1237-8	1251/12		1244-5					
S mo	or, Stands		1243-4	1260/12	<u> </u>	1247-8	- 12	2.0-08			9 lots
Cash	121		1200-5			1206-10			ng u	MOW	er O ton
0 mo			1200-6			1205-10				35 lo	ts.
Silver	(US cents	Allue onuc	:a)						Ring	turno	wer 0 o
Cash	064		661-4			667-70					
O mor			675-8			661-4		0-6		517 k	
Cosh	E per tons		363-6	354/363		358-4		rung t	···	-	875 tone
3 mor			357-8	359/355		354-6	35	6-7		11,74	1 lots
عفبك	(8 per tor							Ring t	rimov	rer 1.	104 tonn
Cash 3 mor		0-650 0-450	14600-600 13400-600	14700	uma.	14700-60	13	400-600		6,306	
	per tonn					10000				_	250 tonn
Cesh	750-		750-2	752		752-8		-	-110-		
3 mon			743-4	746/740		739-40	74	н		2,748	tote
OTA	OES E/tor	-			-						
012	Close	Previou	s High/Low			HDON BI					
Nov	65.5	8.00	86.0 64.0		Ck	ld (fine oz	4273 ₄ -4	77%		2-25	
eb	79.0	80.0 96.0	77.0 77.0 95.5 90.1		Op	ening	420 4-4	204	25	2531	2
Apr May	100.5	107.0	102.0 99.0			erning fix ernoon fix	429.00 427.95			.894	
umov	er 1020 (8	105) lots o	40 tonnes.		De	y's high	42912-4	30 27 L			
LOYAL	EAN WEA	L Crionne			-	y's low	\$ price		2.	quive	lent .
	Close	Previou	High/Low		Ma	pieleaf	440-445			-262.	
)cat	172.50	173.00	178.50 172		Bet	tennie	440-445		200	282	
ec. eb	173.00 182.00	178.00 182.00	178.00 177. 182.00	.50	An	Engle	439-444			1 ₂ -26	130 .
рг	182.00	182.50	182.00		Kru	gerrand w Sov.	426-429 100 ¹ 2-10	M 2	251	253	
an .	174.00			<u></u> -	Old	Sov.	100 2-10	2	50-1	-60%	
			20 tonnes.			de Plet	543.85-5			.55-32	
REIGH	IT FUTUR					er Sx	p/fine o			ots a	drin
	Close	Previous			Spo	oonibs .	393,25 404,35		664		
ug ép	1246 1366	1243	1246 1295 1365 1360		0 m	nonthe	415.40		800.	70	
ct	1463	1455	1463 1449		12 /	months	437.70		730,		
br nu	1495	1480 1515	1495 1470 1524 1510								
Ä	1191	1191									
JITHOU W	x 290 (27	59									
	AND VI			7	_						
i ita 11 Walik	rat Englist ble 36-60p	a ib es s	y apples ârê re Greek			(DOM mas)			_		
thograp	eon aéad	ASS Grape	# 506-C1.00 #	nd		ministra (2					huta
Larce	sizes of	vellow ho	iSp, reports Ff neydew 75p-£1	.78	_	to price \$	tonce		Nov	Sepi	
each (50p-£1, 10)	and galle	£1.00-2.00	ı į	255				290 212	•	57 148
gava.	11860 (بطء) 11860 (بطء)	-50 paibé	the shops. 32-56p). Stick	ı	270 283				145		227
JOHNA	ETB 50-00	p (80p-£1.	DO) and White		Alle		9.5%)	Cal	-	F	uts.
BITTOE	are 10-2	2a (14-25a	Homegrows and Dutet: (i	nger	255			290		48	
arrot	18-90p (36p). Č	wildowers are	્રં	270	Ò		112	- "	109	• .
30-60)). There :	nug come Tus some	willflowers are ettes 25-45p a larger round	<u>. </u>	200		<u> </u>	55: Cal	_		
illuci	mi 16-26-o f	15-25a) ar	w icebero 1903		<u></u>		• ^	Cel	_		'uta
and sc	riud oujet fes-tob) t	15 20-450 i	Cucumbers 25 a bunch come	A P	200 210				190 136	15 43 ·	71 114

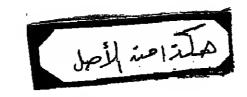
Spot 393.	25		L75 ·		Oct	433.5	-433.7	434.8
3 months 404.			1.25		Dec	439.2	439.4	440.5
0 months 415.			.70		Feb	445.2	- 445.A	448.0
12 months 437.	70	730	,85		Apr	451.1	451.3	0
					Jun	457.0	457.2	458.5
					· Aug	463.0	463.2	4823
					.Oct	486.0	469.2	0
					PLAT	DOUBLE 50 1	roy oz; \$/tro	y oz.
						Close	Previous	High/Lo
					Aug	524.6	530.5	0 .
LONDON METAL	DECHARG	TRA		PTIONS	Oct	527.1	535.8	533.5
					Jen	633.1	541.4	539.0
Aluminium (99.7%) (Cells .	F	ubs	Арг	540.1	547.9;	545.0
	- 84	st Nov	-	New	701	547.1	555.4	0
Strike price \$ tone					Oct	554,6	552.9	0
2550		290 212		57 148	SELVE	R 6,000 tr	ry oz; cent	VITOY OZ.
2700 2650		145		227	. —	Close	Previous	High/Lo
Alluminium (98.57)	5)	Cells	F	uts	Aug	668.5	857.7	670.0
			48		Sep	\$71.5 ·	671.0	682.0
2550	290 112		109		Oct	677.0	876.5	0
2700	∴ 55:		201	•	Dec	-687.4		- 698. 0
2960			2011		Jan	602.8	692_1	0,
				ute	Mar	703.5	702.5	713.0
Copper (Grade A)		Celle		***				
					May	714.2	713.2	715.0
2000	166	190	15	71	May	714.2 725.6	724.6	727.0
		190			May	714.2		

U								· .						
	S N	LARK	ETS		COL	PPER 25.0	00 lbs; ce	nts/lbs		- C	hica	. 00		
						Close			OW					
			ybean co		Aug		91.50	95,00	95.00	· . soy	ASEANS !	5,000 by mit	n: conts/600	b bushel
				for most of ling and	Sep	96,36	91,60	96.00	92.10		· Close			
			essed pri		- Oct Dec	94.00	90.90	92.70	89.75	Aug	856/D	664/4	807/4	854/0
				production	Jan	91,50	88.60	0 ' '.		500	-858/0	889/8	873/0	857/0
				the close,	Mar	90.00	57.00 86.35	90.50 87.80	87.20 86.30	Nov	862/4	878/4 878/4	881/0	885/0
			nham La		Jul	86.00	85.70	20.00	86.00	Jan Mer	861/0	877/4	879/4 879/0	861/0
				ted in the	Sep	85.00	85.10	. 0 .	· 0.	May	846/0	468/0	. 864/0	846/0
			cash pr	ollow the	Dec	84.00	84.60	-0	0	_ Jul _ Aug	833/0	848/0	850/0 826/0	832/0 802/0
			ese buyl		CHU			جلامو US و10		·		L 60,000 lbi		
				r. Soymeal	_	Letes	Previo	uis High/L			_			
				oviet buying	Sep.	15.73	15.71	15.76	15.55	· · · · · · · · · · · · · · · · · · · 	Close	Previou		
			gth in So		Oct	15.93 16.21	15.86	16.21	15.71	Aug	27.10 27.17	27.57 27.96	27.75 27.90	27.00 27.13
			s, but be		Apr	16.20	16.15	0	0	Oct	27.47	26.22	26.20	27.40
			sonce o	f any export	May	16.21	16.13 .	. 16.21	16.10	Dec	27.00 28.15	28.58 28.62	28.60	27.85
				us damage	HEA	TING OIL	42,000 US	gells, cent	s/US galfs	- Jen Mar	28.10	29.02	28.60 29.05	26.10 28.35
				ttle futures		Latest	Previo	se High/L	DW/	May	28.43	29.10	26.00	26.41
COL	rsolidat	ed, easir	g slightly	in spite of	Sep	4455	4410	4465	4390	Jtsl	27.00	28.40	28.85	27,60
				physical	Oct	4530	4476	4535	. 4450	. SOY	PEAK N	AL 100 ton	s: S/lon	
			us metal		Nov	4590	4560	4600 4675	4625		Close	Previous	B Hilgh/Lo	w
			re from t U:S. dofi:		Jan	4700	4865	4700	4640 .	Aug	269.5	272.2	274.0	280.5
			d commi	_	May	4470	4485 4295	4470	4470	Sep	265.7	268.2	209.9	205.5
				before late	Jun	4250	4265	4300 4250	4280 · 4250	Oct	263.0 261.2	205.7	267.0 265.0	262.5 260.5
			sed prio							Jan	258.8	259.5	262.0	258.1
			platinum		COCK	3A 10 ton	nes;\$/loan	••		- May	251.0	254.2	256.0	260.0
per	sistent (trade sel	ling held	any	 -	Close	Previou	s High/Lo	M	Jul	245.0	251.0 248.0	251:0 247.0	246.0 244.0
			g. Coppe		Sep	1404	1423	1423	1365	MALE	5 000 her	min; cents		
			ying touc		Dec	1429	1437	1440	1408					
			selling p		Mar May	1431	1445	1447	1400 1423	-	Close	Previous		
				rade with a market	Jul	1468	1400	1472	1480	Sep	297/2	300/6	\$01/4 \$10/0	295/4
			activity.		Sep	1492 1531	1500 1542	1496 1545	1490 1538	Mar	300/6	318/2	314/4	300/2
			nation of		-	,1001		1040	1000	May Jul	308/0	312/2	314/0	308/0
			quidation	r, sell .	COFF	EE 7C" 5	7,500tbs; e	ents/lbs		Sep	283/4	286/0	208/4	303/0 263/0
stop	be and t	echnice!	selling.			Cione	Previou	i High/La		Doc	267/2	270/2	273/0	267/0
		·".			Sep	117.48	119.44	110.45	115.70	WHEA	T 5,000 by	min; cents	/50fb-bushe	H
			٠.		Sep Dec	119.32	121.57	121.25	117.00		Close	Previous	High/Lo	
	ew .	York			May May	119.56	121.31	121.31	118.75	Sep .	362/4	363/2	384/2	<u>- </u>
-							121.40		116.50			395/2		98340
		C/h	- 07		Jul	117.75	. 121.36	·· 120.00 ·		Dec -	-3944	4000	- 307/0	382/0 394/0-
-	_	y oz.; \$/tro			Jul Sep	117.35 117.00	120.13	120.50	120.00 .	Mar	398/0	397/0	- 397/0 ·· 396/0	395/0
_	Close	_ Previou	n High/Lo		Jul Sep Dec	117.35 117.00 118.25	120.13	121.80	118.00			397/0 876/4 353/0	395/0 376/0 376/0	394/0 395/0 374/0
Aug	Closs 429.3	Previou	High/Lo	427.9	Jul Sep Dec	117.35 117.00 118.25	120.13	120.50	118.00	Mar May Jul	399/0 874/4 353/0	876/4 353/0	396/0 396/0 378/0 355/0	395/0
Aug Sep	429.3 430.9	Previou 429.2 430.9	430.3 0	427.9	Jul Sep Dec	117.35 117.00 118.25	120.13	120,50 121,80 ,000 lbe; ce	118.00 nts/fbs	Mar May Jul	398/0 874/4 353/0 ATTLE 40	375/4 375/4 353/0 000 lbs; ce	396/0 378/0 355/0	384/0 385/0 374/0 358/0
Aug Sep Oct Dec	Closs 429.3	Previou	430.3 . 0 434.8 440.5	427.9	Jul Sep Dec SUGA	117.75 117.90 118.25 R WORL	120.13 119.00 2 *11* 112 Previou	120,50 121,80 ,000 lbe; ce	118.00 nta/lbs	Mar May Jul	398/0 874/4 353/0 ATTLE 40	397/0 876/4 353/0 000 lbs; ce Previous	396/0 396/0 378/0 355/0	384/0 385/0 374/0 358/0
Aug Sep Oct Dec	429.3, 430.9 433.5 438.2 446.2	429.2 430.9 433.7 439.4 445.4	430.3 0 434.8	427.9 0 451.5 437.4 444.2	Sup Dec SUQA Oct Jan	117.75 117.00 116.25 R WORL Close 11.40 10.40	120.15 119.00 "11" 112 Previou . 11.69 70.65	121.80 121.80 000 8hs; on 11.70	118.00 nta/fbs	Mar May Jul LIVE C	398/0 874/4 353/0 ATTLE 40 Close 68.05	97/0 975/4 953/0 ,000 lbs; co Previous 69.42	367/0 366/0 378/0 365/0 hts/the	394/0 395/0 374/0 353/0
Aug Sep Oct Dec Feb Apr	429.3, 430.9 433.5 438.2 446.2 451.1	429.2 430.9 -433.7 439.4 -445.4 451.3	430.3 0 434.8 440.5 448.0	431.5 431.5 431.4 444.2	Suga Suga Oct Jan	117.75 117.90 118.25 R WORL Close 11.40 10.60 10.71	120.13 119.00 2 "11" 112 Previou 11.89 10.03	120.50 121.80 000 8bs; on 11.70 0 11.00	118.00 nta/iba w 11.41 0 10.70	Mer May Jul LIVE C	874/4 353/0 ATTLE 40 Close 88.05 79.85	97/0 975/4 953/0 000 lbs; ce Previous 69.42 71.27	367/0 396/0 378/0 365/0 mts/tbs High/Los 68.45 71.45	394/0 395/0 374/0 358/0 69.00 70.77
Aug Sep Oct Dec	429.3, 430.9 433.5 438.2 446.2	429.2 439.9 439.7 439.4 445.4	430.3 . 0 434.8 440.5	427.9 0 451.5 437.4 444.2	Sugar Dec Sugar Oct Jan Mar May	117.75 117.90 118.25 IR WORLI Close 11.40 10.21 10.40	120.13 119.00 2 "11" 112 Previou 11.89 10.05 10.03 10.03	121.50 121.60 .000 Ebs; cs High/Lo 11.70 0 11.00 10.70	118.00 nta/Roa w 11.41 0 10.70 10.40	Mar May Jul LIVE C	398/0 874/4 353/0 ATTLE 40 Close 68.05	97/0 975/4 953/0 ,000 lbs; co Previous 69.42	967/0 396/0 378/0 365/0 mb/the 16gh/Lox 96.45 71.45 73.36	394/0 395/0 374/0 358/0 99.00 70.77 72.90
Aug Sep Oct Dec Feb Apr Jun	429.3, 430.9 433.5 438.2 446.2 451.1 457.0	429.2 439.9 439.7 439.4 445.4 451.3 467.2	430.3 430.3 0 434.8 440.5 448.0 0 458.5	427.9 0 431.5 437.4 444.2 0	Suga Suga Oct Jan	117.75 117.90 118.25 R WORL Close 11.40 10.60 10.71	120.13 119.00 2 "11" 112 Previou 11.89 10.03	120.50 121.80 000 8bs; on 11.70 0 11.00	118.00 nta/iba w 11.41 0 10.70	Mar May Jul LIME C Aug Oct Dec Feb Apr	898/0 874/4 363/0 ATTLE 40 Close 88.05 70.95 72.97 73.72 74.65	397/0 876/4 353/0 000 lbs; ce Previous 69.42 71.27 73.40 73.82 74.00	367/0 396/0 375/0 365/0 mts/tos High/Los 93.45 71.45 73.95 73.92 74.95	394/0 395/0 374/0 358/0 69.00 70.77
Aug Sep Oct Dec Feb Apr Jen Aug Oct	429.3 430.9 433.5 438.2 445.2 457.0 463.0 468.0	Previou 429.2 450.9 433.7 439.4 445.4 451.3 467.2 463.2 469.2	430.3 0 434.8 440.5 446.0 0 456.5 482.3 0	427.9 0 431.5 437.4 444.2 0 456.6 462.3	Jul Sep Dec SUGA Oct Sen Mer Mey Jul Oct	117.75 117.90 118.25 R WORLI Close 11.40 10.71 10.40 10.19 9.88	120.13 119.00 2 "11" 112 Previou 11.89 10.05 10.03 10.40 10.15	121.50 121.80 000 Be; ce 11.70 0 11.00 10.70 10.43	11.41 0 10.70 10.40 10.17	Mar May Jul LiffE G Oct Dec Feb Apr Jun	898/0 874/4 353/0 ATTLE 40 Close 48.05 72.97 73.72 74.65 74.22	397/0 375/4 353/0 ,000 lbs; co Previous 69.42 71.27 73.40 73.82 74.00 74.50	367/0 396/0 376/0 365/0 mis/tos High/Lox 66.46 71.45 73.96 74.96 74.96 74.65	594/0- 395/0 374/0 353/0 59.00 70.77 72.90 73.50 74.50 74.05
Aug Sep Oct Dec Feb Apr Jen Aug Oct	Closs 429.3 430.9 430.2 430.2 445.2 457.0 463.0 468.0	Previous 429.2 439.5 439.7 459.4 445.4 451.3 469.2 469.2 \$700 oz; \$7000 oz;	430.3 0 430.8 440.5 440.0 0 458.5 482.3 0	427.9 0 431.5 437.4 444.2 0 456.5 462.3 0	Jul Sep Dec SUGA Oct Sen Mer Mey Jul Oct	117.75 117.90 116.25 IR WORLI Close 11.40 10.60 10.71 10.40 10.19 9.88	120.13 119.00 2 "11" 112 Previou 11.09 10.03 10.03 10.40 10.15 t conte/the	121.50 121.80 .000 Be; ce 11.70 0 11.00 10.70 10.43 10.15	118.00 nta/tba 11.41 0 10.70 10.40 10.17 10.14	Mar May Jul LIME C Aug Oct Dec Feb Apr	898/0 874/4 363/0 ATTLE 40 Close 88.05 72.95 72.97 73.72 74.65	397/0 876/4 353/0 000 lbs; ce Previous 69.42 71.27 73.40 73.82 74.00 74.50 72.00	367/0 396/0 375/0 365/0 mts/tos High/Los 93.45 71.45 73.95 73.92 74.95	5940 395/0 353/0 353/0 353/0 69.00 70.77 72.90 73.50 74.05 71.80
Aug Sap Oct Dec Fab Apr Jen Aug Oct	Closs 429.3 430.9 433.5 438.2 445.2 451.1 453.0 463.0 468.0 TRUM 50	429.2 439.8 439.7 439.4 459.4 451.3 457.2 469.2 469.2 Frevious	### High/Lo	427.9 0 431.5 437.4 444.2 0 456.6 462.3 0	Oct Jan Mar Mey Joil	117.75 117.90 118.25 IR WORLI Close 11.40 10.71 10.40 10.19 0N 50.000	120.15 119.00 2 "11" 112 Previous 10.05 10.05 10.05 10.40 10.15 conte/the	120.50 121.80 .000 & co High/Lo 11.70 0 11.00 10.70 10.45 10.15	11.41 0 10.70 10.70 10.17 10.14	Aug Oct Dec Feb Apr Jun Aug Sep	899/0 874/4 353/0 ATTLE 40 Close 70.85 72.97 73.72 74.85 74.22 71.80 71.00	397/0 876/4 35540 ,000 lbs; co Previous 68.42 71.27 73.40 73.82 74.00 74.50 72.00 71.00	36770 30670 37870 36570 mis/tos 15gh/Los 71.45 73.95 73.95 74.95 74.95 74.95 74.95	594/0- 395/0 374/0 353/0 59.00 70.77 72.90 73.50 74.50 74.05
Aug Sep Oct Dec Feb Apr Jen Aug Oct	Closs 429.3 430.9 430.2 430.2 445.2 457.0 463.0 468.0	Previous 429.2 439.5 439.7 459.4 445.4 451.3 469.2 469.2 \$700 oz; \$7000 oz;	430.3 0 430.8 440.5 440.0 0 458.5 482.3 0	427.9 0 431.5 437.4 444.2 0 456.5 462.3 0	Jul Sep Dec SUGA Oct Sen Mer Mey Jul Oct	117.75 117.90 116.25 IR WORLI Close 11.40 10.60 10.71 10.40 10.19 9.88	120.13 119.00 2 "11" 112 Previou 11.09 10.03 10.03 10.40 10.15 t conte/the	121.50 121.80 .000 Be; ce 11.70 0 11.00 10.70 10.43 10.15	118.00 nta/tba 11.41 0 10.70 10.40 10.17 10.14	Aug Oct Dec Feb Apr Jun Aug Sep	\$99/0 874/4 \$53/0 ATTLE 40 Close 69.05 70.95 72.97 73.72 74.65 74.22 71.90 71.00	397/0 876/4 353/0 000 lbs; ce Previous 69.42 71.27 73.40 73.82 74.00 74.50 72.00	36770 30670 37870 36570 mis/tos 15gh/Los 71.45 73.95 73.95 74.95 74.95 74.95 74.95	5940 395/0 353/0 353/0 353/0 69.00 70.77 72.90 73.50 74.05 71.80
Aug Sap Oct Dec Fab Aug Oct	Ciosa 499.3 430.3 430.5 438.2 446.2 457.0 488.0 488.0 Ciosa 624.8 527.1	428.2 439.9 439.4 459.4 451.3 457.2 469.2 469.2 469.2 469.5 590.5	430.3 0 434.8 440.5 468.5 468.5 468.3 0 458.5 468.3 0 458.5 458.3 0 533.5	427.9 0 431.5 437.4 444.2 0 458.6 462.3 0	Jul Sep Dec Sugar Oct Jen Mar May Jul Oct COTT	117.75 117.90 116.25 R WORLI Close 11.00 10.71 10.45 10.19 9.85 ON 50.000 Close 55.25 53.86	120.13 119.00 119.01 11.00 11.05 10.03 10.43 10.40 10.15 conte/fix Previous	120.50 121.80 .000 lbs; ce s High/Lo 11.70 0 10.70 10.75 10.15 10.15 10.15	11.41 0 10.70 10.40 10.17 10.14	Mar May Jul LIVE C Aug Oct Doc Feb Apr Jun Aug Sep LIVE H	899/0 874/4 353/0 ATTLE 40 Close 70.85 72.97 73.72 74.85 74.22 71.80 71.00	397/0 876/4 35540 ,000 lbs; co Previous 68.42 71.27 73.40 73.82 74.00 74.50 72.00 71.00	36770 30670 37870 36570 mis/tos 15gh/Los 71.45 73.95 73.95 74.95 74.95 74.95 74.95	594/0- 395/0- 374/0- 353/0- 59.00 70.77 72.90 73.50 74.50 71.80 0
Aug Sep Oct Dec Fab Aug Oct PLAT Aug Oct Jen Apr	Closs 429.3 430.9 433.5 438.2 445.2 451.1 453.0 463.0 468.0 TRUM 50	- Previou 429.2 439.5 439.7 439.4 445.4 451.3 469.2 469.2 Yoy 62, \$6 Previou 530.5 530.5 530.5 541.4	# High/Lo 490.3 494.8 440.5 446.0 0 496.5 482.3 0 roy oz. # High/Lo 533.5 538.0 545.0	427.9 0 431.5 437.4 444.2 0 456.5 462.3 0	Jul Sep Dec SUGA Sugar Mer Mey Jul Oct COTT Dec Mer Mer Mer Mer Mer Dec Mer Dec Mer	117.75 117.90 118.25 IR WORLI Close 11.40 10.71 10.40 10.19 0N 50.000	120.15 119.00 2 "11" 112 Previous 10.05 10.05 10.05 10.40 10.15 conte/the	120.50 121.80 000 be; os 11.70 0 11.00 10.70 10.75 10.15 High/Lo 55.65 54.90 55.90	118.00 nta/fbs 11.41 0 10.70 10.40 10.17 10.14 54.85 58.85 58.25 54.25	Mer May Jul LIVE C Cet Dec Feb Apr Jun Sep LIVE H	\$5900 8744 \$5900 ATTLE 43 Clone 69.05 70.85 70.85 71.92 74.65 74.92 71.00 008 30.00 Close 45.62	397/0 375/4 353/0 ,000 lbs; ce Previous 68.42 71.27 73.40 73.82 74.90 74.50 74.90 71.00 0 lb; cents/	367/0 366/0 378/0 365/0 mts/tbs High/Los 68.45 71.45 73.96 73.92 74.96 72.10 0	594/0- 395/0- 374/0- 353/0- 59.00 70.77 72.90 73.50 74.50 71.80 0
Aug Sap Oct Dec Fabr Aug Oct PLAT Aug Oct	429.3, 430.9 433.5 438.2 465.2 451.1 457.0 468.0 688.0 688.5 527.1 688.1 660.1 660.1	- Previous 429.2 459.5 459.4 451.4 451.2 469.2 469.2 Frevious 536.8 541.4 555.4	# High/Lo 430.3 434.8 440.5 460.5 460.5 462.3 60	427.9 0 431.5 437.4 444.2 0 456.6 462.3 0	Jul Sup Dec SUGA Mary Mary Jul Oct Dec Mary Jul Jul Out Dec Mary Jul Out D	117.75 117.90 118.25 R WORL Close 11.40 10.71 10.40 10.71 10.49 9.08 0N 50,000 Close 58.26 58.26 64.23 54.60	120.13 119.00 2 "t)" 112 Previou 11.69 10.63 10.63 10.63 10.45 10.45 56.36 56.10 56.10 56.10	120.50 121.80 000 Be; or Highrid 0 11.70 10.43 10.15 10.15 10.15 10.15 10.15 10.15 10.15 10.15	118.09 nts/fbs 11.41 0 10.70 10.40 10.17 10.14 54.85 58.35 58.35 58.35 54.85 54.85	Mer May Jul LIVE O Oct Dec Feb Apr Jun Aug Sep LIVE H	\$99/0 874/4 \$53/0 \$ATTLE 40 Close 69.05 72.97 73.72 74.95 74.22 71.00 Das 30.00 Close 45.52 40.80	397/4 353/0 ,000 lbs; co Previous 60-42 71-27 73-80 73-82 74-50 74-50 0 lb; contal Previous 40.67	361/0 306/0 376/0 376/0 376/0 385/0 High/Lon 66.45 71.95 73.92 74.95 72.10 0 High/Lon 46.75 46.75 46.75 41.12	394/0- 395/0 374/0 358/0 69.00 70.77 72.90 73.50 74.50 71.80 0
Aug Sep Oct Feb Apr Jun Aug Oct Jun Apr Jun Oct	429.3, 430.9 433.5 452.2 445.2 457.0 468.0 668.5 567.1 658.1 567.1 554.8	Previou 429.2 459.5 459.5 459.4 445.4 459.2 469.2 469.2 Troy oz. \$/ Previou 530.5 836.8 836.8 836.8 836.8 836.8 836.8	490.3 0 434.8 440.5 440.5 440.0 0 498.5 482.3 0 0 0 533.5 545.0 0	427.9 0 431.5 437.4 444.2 0 456.5 462.3 0	July Sup Dec SUGA Oct Jan Mar Mey July Oct Dec Mer Mey July Oct	117.75 117.90 118.25 R WORLI Close 11.40 10.71 10.40 10.19 8.88 ON 50,000 Glose 55.26 64.28 54.28 54.28 54.30 55.20	120.13 119.00 2 "t1" 112 Previou 11.09 10.05 10.40 10.15 t centertis Previous 56.36 56.20 66.20	120,50 121,80 121,80 121,80 10,00 11,70 11,00 10,45 10,16 14,45 10,16 14,45 10,16 14,45 10,16 14,45 10,16 14,45 10,16 14,45 14	118.00 nta/fbs 11.41 0 10.70 10.40 10.17 10.14 54.85 \$8.35 \$8.35 \$8.35 \$6.25 54.85	Mer Muy Juy LIVE C Oct Doc Fisb Apr Jun Sep LIVE H	\$99/0 874/4 \$59/0 ATTLE 40 Close 49.05 70.85 72.97 73.72 74.95 74.95 71.90 71.90 71.90 40.52 40.52 40.52	397/14 353/0 800 lbs; ce Previous 68.42 73.82 73.82 74.90 74.90 71.90 91	391/0 391/0 372/0 372/0 372/0 372/0 45/0 45/1 71.45 73.95 74.95 74.95 74.95 72.10 0	39470- 39570- 37470- 35370- 98-000- 70-77- 72-90- 74-50- 74-50- 74-50- 74-50- 0- 45-82- 40-25- 42-50-
Aug Sep Oct Feb Apr Jun Aug Oct Jun Apr Jun Oct	429.3, 430.9 433.5 452.2 445.2 457.0 468.0 668.5 567.1 658.1 567.1 554.8	- Previous 429.2 459.5 459.4 451.4 451.2 469.2 469.2 Frevious 536.8 541.4 555.4	490.3 0 434.8 440.5 440.5 440.0 0 498.5 482.3 0 0 0 533.5 545.0 0	427.9 0 431.5 437.4 444.2 0 458.6 462.3 0 9 525.5 531.0 543.0	Jul Sep Dec SUGA Oct Jan Mar Mey Jul Oct Dec Mer Dec	117.75 117.50 116.25 R WORL Close 11.40 10.71 10	120.13 119.00 2 "Ty" 112 Previou 11.89 10.63 10.65 10.	120,50 121,80 121,80 1000 Be; on 11,70 11,00 10,70 10,45 10,16 High/Lot 56,80 56,80 56,90 56,00 56,00 56,00 56,00	118.00 nta/fba 11.41 0 10.70 10.40 10.17 10.14 54.85 58.35 58.35 54.25 54.05 0 55.00	Mer Muy Jul LIVE C Oct Dec Fisb Apr Aug Sep LIVE H	\$99/0 874/4 \$53/0 \$ATTLE 40 Close 69.05 72.97 73.72 74.95 74.22 71.00 Das 30.00 Close 45.52 40.80	397/0 377/0 375/4 353/0 000 lbs; ce Previous 68.42 71.27 73.40 74.50 74.50 74.50 71.00 0 lb; cestal 45.80 40.67 42.65 42.65	- Ser/ 0 - S	394/0- 395/0- 374/0- 353/0- 69.00 70.77 72.90 73.50 74.05 71.80 0
Aug Sep Oct Feb Apr Jun Aug Oct Jun Apr Jun Oct	Ciopa 429.3, 430.9 433.5 438.2 445.2 465.0 468.0 Ciopa 524.6 527.1 688.1 640.1 554.8 97 6,000 2	- Previous 429.2 459.2 459.2 459.2 459.2 469.2 469.2 469.2 569.5 596.8 547.9 555.4 552.9 Tray oz; car	490.3 0 434.8 440.5 440.5 440.0 0 498.5 482.3 0 0 0 533.5 545.0 0	427.9 0 431.5 437.4 444.2 0 458.6 462.3 0 525.5 531.0 0	Jul Sep Dec SUGA Oct Jan Mar Mey Jul Oct Dec Mer Dec	117.75 117.50 116.25 R WORL Close 11.40 10.71 10	120.13 119.00 2 "Ty" 112 Previou 11.89 10.63 10.65 10.	120,50 121,80 121,80 121,80 10,00 11,70 11,00 10,45 10,16 14,45 10,16 14,45 10,16 14,45 10,16 14,45 10,16 14,45 10,16 14,45 14	118.00 nta/fba 11.41 0 10.70 10.40 10.17 10.14 54.85 58.35 58.35 54.25 54.05 0 55.00	Mer Muy Jui LIVE C Oct Doc Feb Apr Jun Aug Sep UNE H	38940 37340 36340 ATTILE 40 Close 69.05 70.05 72.97 73.72 74.95 74.22 71.00 008 30,00 Close 45.62 40.90 45.00 45.00	397/14 353/0 375/4 353/0 000 lbs; co Previous 68.42 73.82 73.82 74.90 74.50 74.90 71.00 10 lb; constal 49.67 40.67 40.67 40.67 40.67 40.67 40.67 40.67 40.67 40.67 40.67 40.67 40.67 40.67 40.67 40.67 40.67 40.67 40.67 40.67	391/0 391/0 372/0 372/0 372/0 372/0 45/0 45/1 71.45 73.95 74.95 74.95 74.95 72.10 0	394/0- 395/0- 374/0- 353/0- 59,00 70,77 72,90 74,50 74,50 74,50 71,80 0
Aug Sep Oct Dec Febr Aug Oct PLAT Aug Oct Jun Aug Oct Skryk	Ciopa 429.3, 430.9 433.5 439.2 445.2 457.1 457.0 468.0 Giopa 524.8 527.1 554.8 57.1 560.1 560.1 560.1 560.1 560.1	- Previous 429.2 459.5 459.4 451.5 457.2 459.2 459.2 170 yez \$6 505.8 547.4 552.5 459.2 579 oz; car	# High/Lo 430.3 0 434.8 440.5 440.5 440.0 0 458.5 482.3 0 0 0 0 0 0 0 0 0 1 1 1 1 1 1 1 1 1 1	427.9 0 431.5 437.4 444.2 0 456.6 462.3 0 9 525.5 531.0 0	Jul Sep Dec SUGA Oct Jan Mar Mey Jul Oct Dec Mer Dec	117.75 117.50 116.25 R WORL Close 11.40 10.71 10	120.13 119.00 2 "11" 112 Previou 11.69 10.65 10.65 10.45 10.	120,50 121,80 121,80 1000 Be; on 11,70 11,00 10,70 10,45 10,16 High/Lot 56,80 56,80 56,90 56,00 56,00 56,00 56,00	118.00 mta/fba 11.41 0 10.70 10.40 10.17 10.14 54.85 93.35 93.35 94.25 54.05 0 55.00	Mer Mary July July July LIVE GO Oct Feb App Sep Cot Feb App Sep Cot Feb App Aug Oct Feb App Aug	309/0 87/4/3 363/0 ATTLE 40 Close 48.05 70.95 71.97 73.72 71.92 71.92 71.90 008 30.00 45.02 40.80 45.02 45.00 45.00 45.00 47.72	397/4 3553/0 000 lbs; co Previous 68.42 71.27 73.40 74.50 74.50 74.50 71.00 0 lb; constal 45.80 40.67 44.72 49.45 47.72	- Ser/ 0 - S	394/0- 395/0- 374/0- 353/0- 69.00 70.77 72.90 73.50 74.05 71.80 0
Aug Oct Dec Fab Aug Oct Aug Oct Jan Apr Jul Oct Stryk	Ciopa 429.3, 430.9 433.5 439.2 445.2 465.0 463.0 688.0 Ciopa 524.6 527.1 688.1 640.1 554.8 97 6,000 2	- Previou 429.2 439.7 439.4 451.3 457.2 463.2 463.2 970 oz: \$6 530.5 530.5 530.5 530.5 535.8 541.4 547.2 700 oz: \$6 700 oz: \$6	# High/La 430.3 .0 434.8 440.5 440.5 .440.0 0 458.5 462.3 0 0 0 533.5 538.0 545.0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	427.9 0 431.5 437.4 444.2 0 458.6 462.3 0 525.5 531.0 0	Jul Oct Dec ORAM	117.75 117.25 117.25 118.25 R WORLL Close 11.40 10.71 10.71 10.71 10.70 10.19 8.88 ON 50.000 Glose 55.25 54.23 54.25 54.26 65.00 65.00	120.13 119.00 2 "11" 112 Previou 11.69 10.65 10.65 10.45 10.	120,50 121,80 121,80 121,80 121,80 11,70 11,70 11,00 10,43 10,16 1 148gh/Lo 55,65 54,60 55,00 55,00 55,00 55,00	118.00 mta/fba 11.41 0 10.70 10.40 10.17 10.14 54.85 93.35 93.35 94.25 54.05 0 55.00	Mer Mary July July July LIVE GO Oct Feb App Sep Cot Feb App Sep Cot Feb App Aug Oct Feb App Aug	309/0 87/4/3 363/0 ATTLE 40 Close 48.05 70.95 71.97 73.72 71.92 71.92 71.90 008 30.00 45.02 40.80 45.02 45.00 45.00 45.00 47.72	397/14 353/0 375/4 353/0 000 lbs; co Previous 68.42 73.82 73.82 74.90 74.50 74.90 71.00 10 lb; constal 49.67 40.67 40.67 40.67 40.67 40.67 40.67 40.67 40.67 40.67 40.67 40.67 40.67 40.67 40.67 40.67 40.67 40.67 40.67 40.67	- Ser/ 0 - S	394/0- 395/0- 374/0- 353/0- 98,000 70,77 72,90 73,50 74,50 74,50 74,50 74,50 45,82 40,25 42,50 45,56 44,60 48,00
Aug Oct Dec Fab Aug Oct Jun Aug Oct Jun Aug Oct SiLVi	Ciopa 499.3 499.3 499.2 499.2 499.2 499.0 499.0 Ciopa 624.8 827.1 560.1 567.1 567.1 568.1 698.5 87.6 698.5 87.0 698.5	- Previou 429.2 439.4 439.4 449.4 451.3 467.2 469.2 469.2 100 oz; \$6 Previou 530.5, 536.5 536.5 652.9 roy oz; cer Previou 657.7 671.0 677.7 671.0	# High/Lo 490.3 0 490.3 490.3 490.5 440.5 440.5 482.3 0 roy oz. Fligh/Lo 533.5 539.0 0 670.0 670.0 670.0	427.9 0 431.5 437.4 444.2 0 456.6 462.3 0 9 525.5 531.0 543.0 0	Jul Sep Dec SUGA Oct Jan Mar Mey Jul Oct Dec Mer Dec	117.75 117.25 117.25 117.20 118.25 R WORLL Close 11.40 10.71 10.71 10.40 10.19 10.19 2.89 28.25 58.26 58.26 58.26 58.26 58.26 58.20 68.00 68.00 68.00 68.00 68.00 68.00 68.00 68.00 68.00 68.00 68.00 68.00 68.00 68.00 68.00	120.13 119.00 2 "11" 112 Previou 11.89 10.49 10.49 10.40 10.15 conteffic 85.10 85.20 85.50 85.50 85.50 15.000 bb Previous 184.25 182.10	120.50 121.80 121.80 121.80 121.80 121.80 10.00 10.00 10.70 10.70 10.73 10.15 10.16	118.00 nta/ftsa 11.41 0 10.70 10.40 10.17 10.14 54.85 58.75 58.75 54.85 0 55.00	Mer Miny July July Aug Oct Feb Apr Jun Aug Sep UNE H	309/0 87/4/3 363/0 ATTLE 40 Close 48.05 70.95 71.97 73.72 71.92 71.92 71.90 008 30.00 45.02 40.80 45.02 45.00 45.00 45.00 47.72	397/0 3776/4 353/0 000 lbs; co Previous 68.42 71.27 73.40 74.50 74.00 74.50 71.00 0 lb; costs/ 40.67 4	391/0 391/0 372/0 372/0 372/0 372/0 385/0 High/Lox 71.45 73.95 74.95 74.95 74.95 74.95 74.95 40.75 41.12 43.75 41.12 43.20 46.30 46.87 0	89.00 70.77 72.90 74.05 74.05 74.05 71.80 0
Aug Sep Oct Dec Apr Jen Aug Jen Aug Sep Jen Aug Sep Oct Dec	Close 459.3 450.9 450.5 458.2 451.1 457.0 468.0 Close 524.8 527.1 557.1	- Previous 429.2 459.5 459.4 451.4 451.2 469.2 469.2 1709 02; \$/555.8 541.4 547.9 555.4 652.9 667.7 671.0 670.5 460.4	# HightLa 490.3 0 434.8 440.5 440.5 460.5 460.5 600.0 0 1000.0 10	427.9 0 431.5 437.4 444.2 0 456.5 422.3 0 525.5 531.0 543.0 0	Jul Dec Supan Dec Supan Dec Supan Mer Mer Mer Mer Mer Dec GRAM Dec Dec Dec GRAM Dec	117.75 117.25 117.50 118.25 R WORLL Close 11.40 10.71 10.71 10.70 10.19 8.89 SS.26	120.13 119.00 2 "T1" 112 Previous 11.89 10.85 10.85 10.85 10.85 10.85 64.86 54.86 56.20 56.50 15.000 lb: Previous 184.25 182.10 174.45	120.50 121.80 121.80 121.80 1000 Ext. 1170 0 0 0 11.00 10.70 10.45 10.15 High/Lot 55.00 55.00 15.00 10.70 10.45 10.15	118.00 nta/fba 11.41 0 10.70 10.40 10.17 10.14 54.95 58.35 58.35 54.25 54.05 0 55.00	Mer Mary July July LIVE O Oct Feb App LIVE H LIVE H Aug Oct Feb Apr Aug Oct Feb Apr Aug PORK I Aug PORK I Aug	309/0 874/4 353/0 871/1E 40 Close 62.05 72.97 73.72 74.55 74.22 71.00 008 30,00 Close 45.02 40.50 45.00 45.00 47.72 SELLIES 3 Close	397/4 353/0 353/0 000 lbs; ce Previous 68.42 71.27 73.40 74.50 74.50 74.50 71.00 0 lb; cestal 48.80 48.87 44.72 49.45 47.72 8,000 lbs; ce Previous	391/0 391/0 372/0 372/0 372/0 372/0 483/0 114/0	89.00 70.77 72.90 74.50 74.50 74.50 74.50 74.50 74.50 74.50 45.82 40.25 42.50 45.77 45.82 40.77 45.82
Aug Oct Dec Fab Aug Oct Jun Aug Oct Jun Aug Oct SiLVi	Ciopa 429.3, 430.9 433.2 445.2, 451.1, 457.0 488.0 THURK 50 Ciopa 524.8 527.1 547.1 547.1 547.1 547.1 557.5 677.0 682.8	- Previou 429.2 459.5 459.4 445.4 451.5 457.2 469.2 1709 02: \$1 Previou 530.5 636.8 841.4 562.9 709 02: Car Previou 667.7 671.0 670.5 888.8 888.8	# High/Lo 490.3 0 490.3 490.3 490.5 440.5 440.5 482.3 0 roy oz. Fligh/Lo 533.5 539.0 0 670.0 670.0 670.0	427.9 0 431.5 437.4 444.2 0 456.5 462.3 0 525.5 531.0 0 0 670.0 686.5 0	Jul Dec SUGAN Aday Jul Oct Dec COTT Dec	117.75 117.90 118.25 R WORLL Closs 11.40 10.71 10.40 10.71 10.40 10.19 8.88 ON 50.000 Closs 55.26 54.23 54.43 54.60 55.20 GE JURCE Closs 195.10 182.55 174.55 174.55	120,13 119,00 2 "11" 112 Previou 11,89 10,49 10,63 10,40 10,15 connection Previous 58,16 68,20 68,20 68,20 68,20 15,000 ib: Provious 184,25 182,10 274,48	120,50 121,80 121,80 121,80 121,80 121,80 121,70 10,70	118.09 nta/ftsa 11.41 0 10.70 10.40 10.17 10.14 54.85 58.35 58	Mer Miny July July Aug Oct Feb Apr Jun Aug Sep UNE H	309/0 874/4 363/0 871/1E 40 Close 62.05 70.05 74.22 71.00 008 30,00 Close 45.52 40.50 45.00 45.00 47.72 RELIES 3	397/0 3776/4 353/0 000 lbs; co Previous 68.42 71.27 73.40 74.50 74.00 74.50 71.00 0 lb; costs/ 40.67 4		89.00 70.77 72.90 74.05 74.05 71.80 0 45.82 40.25 40.25 44.80 45.56 44.80 45.70
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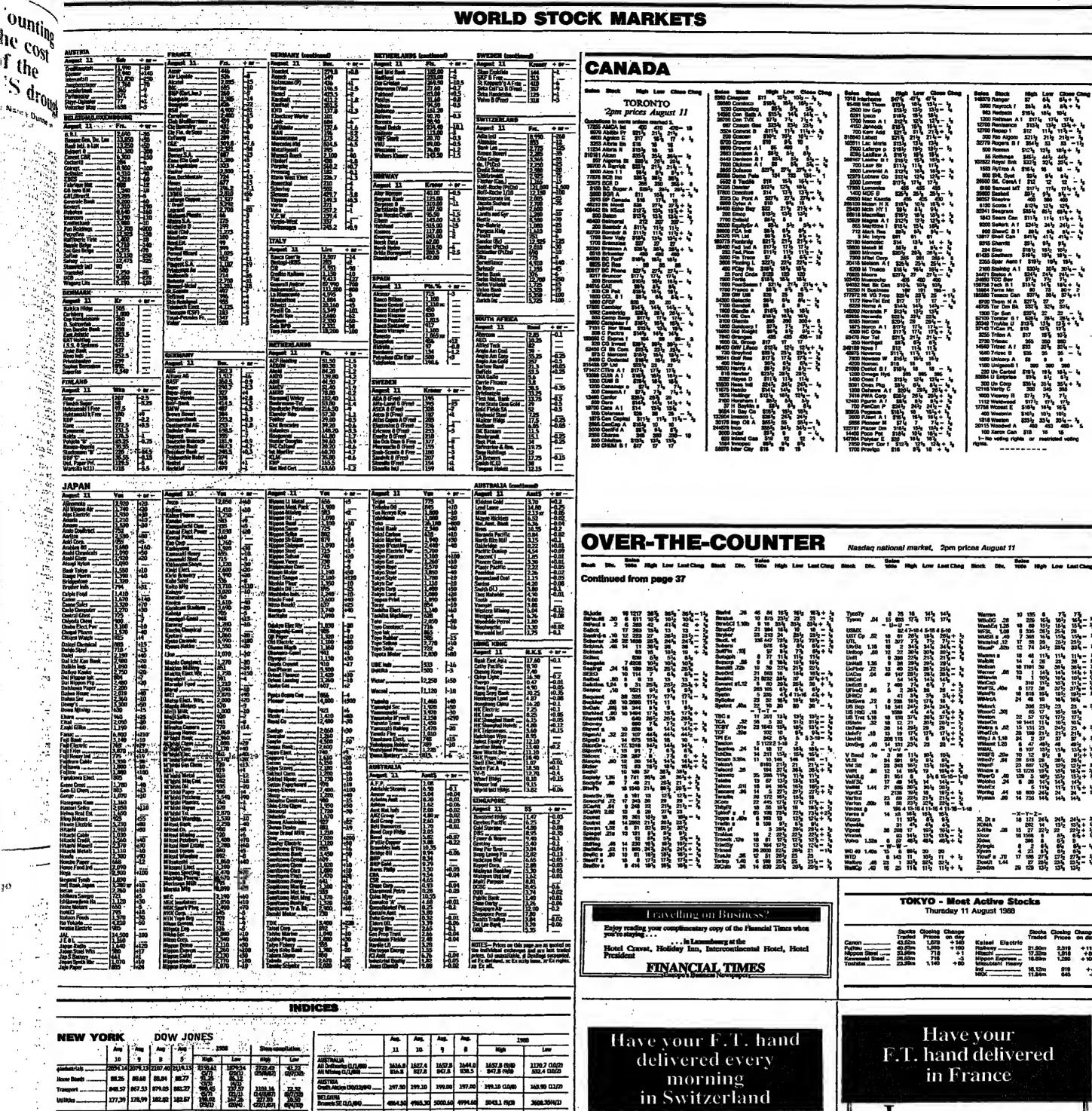
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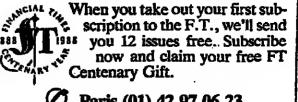
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NEW YORK STOCK EXCHANGE COMPOSITE

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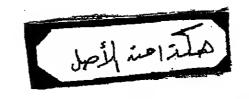
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estate and financial services

firm that holds an 89 per cent stake in Integon, fell \$1/4 to \$31/4 on the NYSE.

Viacom, the entertainments company, lost \$1/4 to \$26% after

announcing a second quarter loss of \$28.8m compared with

\$38.8m in the same 1987 period. May Department Stores was up \$1/4 to \$34% after posting a profit of \$63m in the second quarter, up from \$61m.

FALLING hase metals and

1988 August

Interest rate worries push Dow further downwards

INTEREST rate concerns were still alive on Wall Street yes-terday. After an attempt at stabilising in early trading, the equity and bond markets continued their steep decline of the last two days, writes Deborah Hargreaves in New

Following the move by the Federal Reserve board to raise discount rates from 6 to 6.5 per cent on Tuesday, major central banks boosted their prime rates by ½ percentage point yesterday to 10 per cent, mark-ing the third such rise in the past three months and their

highest level since 1985.
At the same time, the Fed continued to firm short-term interest rates, pushing the Fed funds rate to 8½, with analysts expecting it to be targeted at around 8% over the longer

The interest rate moves were mostly in line with expectations and initially the markets took them in their stride. However, after fluctuating several points in each direction in morning trading, stocks started to fall more sharply by

allen 9.42 to 2,024.72. Broader market indices were

largely unchanged by midday with the Standard & Poor's 500 off 0.24 at 261.66 and the New York Stock Exchange Composite 0.11 lower at 148.12.

After trying to stabilise in early trading, the bond market

slipped back by midday, when the Treasury's benchmark long bond fell by nearly 1/2 point to 97 with a yield of 9.40 per cent. Three-month Treasury bill yields moved up slightly to 7.22 per cent.

The dollar was softer in New York trading after Mr Gerhard Stoltenberg, West Germany's finance minister, remarked that the dollar's rise of the last couple of days was "problematic." This was enough to boost the D-Mark and, by midday, the dollar had fallen to DMI.8980 and Y133.50. The announcement of July

retail sales yesterday gave fur-ther indication of a strong economy, although the figures were in line with market expectations and did not move the stock or hond markets. Retail sales in July rose 0.5 per cent to a seasonally adjusted \$134bn after June sales had

Blue chips were mixed, as the market struggled to find a clear direction after the sharp sell-off of the last couple of days. IBM was an active mover on the New York Stock Exchange, losing \$1/4 to \$119, while General Electric rose \$1/4

to \$40% and McDonalds dropped \$% to \$43%.

Technical Tape, the industrial and consumer tape cuncern, jumped \$1% to \$15% on the American Stock Exchange after the company received a \$16-a-share takeover offer from Beiersdorf of West Germany, which topped an earlier bid of \$13.75 a share from Dainippon Ink & Chemical.

In over-the-counter trading, Convergent Inc. which makes and markets computer systems, leaped \$2½ to \$54 after Unisys agreed to buy the company for cash and stock valued at \$7 a share. Unisys was up \$¼ at 32%.

energy issues pushed Toronto slightly lower in quiet trading Integon, the insurance holding company, rose \$% to \$6% in the over-the-counter market after the company's announcement late on Wednesday that it was in sales talks with an The composite index, which had risen about S points in ear-lier trading, dropped 4.9 to 3,270.1 on light turnover of unnamed buyer for more than \$7 a share. Southmark, the real

Canada

Composure returns in late trading

SUPPORT for share prices at lower levels and some positive corporate results helped European bourses to regain composure yesterday, and most ended off their lows, urites Our

FRANKFURT remained under pressure, especially at the start of trading, following its 2 per cent fall on Wednes-day and the sharp two-day decline on Wall Street.

However, yesterday's losses were more moderate, with the FAZ index shedding 4.42 to 480.28 at midsession and the real time DAX index ending 5.31 lower at 1,168.14 after late business support lifest where of buying support lifted prices off their lows. Volume fell back to a very thin DM2.19bn as the summer lull continued.

The main concern was still that the rise in the US discount rate would force domestic interest rates up when the Bundesbank returns from holiday on August 25. This was offset to an extent by the over-night recovery in Tokyo and the slightly weaker dollar, which was seen as easing pressure for an immediate rise in

There is increasing talk of resistance around the 500 level on the FAZ, with shares falling back each time they reach about 495, and fears of inflation and higher interest rates being London

A WEAKER opening on Wall Street drained London's confi-dence yesterday. After a fairly optimistic opening, in deflance of overnight falls in New York and Tokyo, the FT-SE 100

cited. "It's as if you need a cannonball to push through the barrier, and the volumes we have at the moment are nothing but musket fire," said

one analyst.

In cars, Porsche added 70 pfg to DM560.20 after saving it bad made a profit last year and would pay a dividend but giving no details.

Bonds had a quieter day than Wednesday, ending little changed as the D-Mark picked up seatest the dollar. The new

up against the dollar. The new 6% per cent 1998 bond was fixed for the first time at 99.70, up about 30 pfg from the grey market price on Wednesday to yield 6.79 per cent from 6.88.
PARIS held up well under attack from a weaker franc and overnight losses on Wall Street, as positive company results underpinned trading. The opening CAC index was off 7.9, or 2 per cent, at 351.2

but buyers appeared at the lower levels and the OMF 50 index ended the day down 2.67,

index closed 22.7 down at 1,839.9. New York-oriented stocks Consolidated Gold-fields, ICI, Glaxo and Shell -which is due to announce results today - all declined.

A rash of good interim results protected the market from the effects of the lower franc, said one analyst in Paris. They encouraged a few buyers and restrained others from selling, he said. Tha franc fell towards the

bottom of the European Mone-tary System after Finance Min-ister Mr Pierre Bérégovoy said on Wednesday that he did not intend to raise domestic interest rates. The stronger D-Mark against the dollar put pressure on the franc, leading to a sharp early rise in the French call money rate and to fears that interest rates would have to rise after all.

rise after all.

Hotel group Accor, with 13
per cent higher interim sales,
was staady at FFr445.50.

Beghin-Say, reporting an
almost trabling of first half
consolidated net turnover,
eased FFr8 to FFr445 and BP
France with interim group France, with interim group sales up 4 per cent, fell back 20 centimes to FFr71.50. Speculative stock LVMH was

MILAN also moved lower, although late bargain-hunting pulled prices off their lows and a number of blue chips recovered further after hours. The Comit index ended 5.16 lower at 523.04 in moderate trading.

Montedison, which analysis believe may have sharply believe may have sharply reduced dahts following the restructuring by Mr Raul Gardini, fell L40 to close at L1,884, only to recover to L1,920 after

active, rising FF:66 to FF:2.510.

AMSTERDAM regained some ground in afternoon trading, but interest rate worries

left the CBS all share index 22

left the CES all share mice 22
weaker at 95.7, having been
almost 3 per cent lower at 95.2.
Worse-than-expecied second
quarter profit figures from
Royal Dutch sent the stock
down Fl 10.10 to Fl 234.40.

although buyers were reported at the lower levels. It fell as low as F1 233.80.

KNP's good news of a fore-cast of 40 per cent higher annual profits left it unchanged at the close at Fl

185.50, after regaining earlier losses. KLM, which reported a 13.5 per cent fall in first quar-

ter earnings, fell 60 cents to Fl 35.80. Internatio-Müller was one of the day's biggest mov-ers, falling by Fl 4.70, or 7 per cent, to Fl 60.70.

udan f

Relief at strength of yen helps Nikkei bounce back

THE STRENGTH of the yen came to the rescue of share prices in Tokyo yesterday, and the Nikkei average rebounded following its largest single-day fall this year on Wednesday, writes Michiyo Nakamoto in

Despite opening weaker in reaction to Wall Street's decline, the market recovered in early trading, with even early losers such as steels and machineries firming slightly

by the end of the morning. The Nikkel average regained 230.11 to 27,784.98, after moving between a high of 27,832.45 and a low of 27,470,66. Advances led declines by 461 to 417 with 164 issues unchanged. Volume was lower at 616m shares compared with Wednesday's 759.5m.

However, Japanese shares fell hack in later trading in London, with the ISE/Nikkei 50 index losing 5.45 from the Tokyo close to 1.852.85.

In Tokyo, the recovery of bond and stock markets was mainly brought ahout by a stronger yen. There was relief that the yen did not weaken in the wake of the US discount rate increase, said an analyst at Yamaichi Securities.

One key concern underlying Wednesday's sharp drop on both markets was that a higher US discount rate might weaken the yen enough to trigger a rise in Japan's discount rate.

Some analysts say there is little reason to believe that the Bank of Japan will raise its discount rate. They argue that inflation is virtually non-exis-tent in Japan and that therefore there is no need to raise interest rates.

Companies with good earnings forecasts led the market higher yesterday, and some analysts remarked that investors were paying more attention to fundamentals.

High-tech issues, increasingly popular because of their

NATIONAL AND

good earnings figures, became the market leaders. Canon advanced Y70 to a year high of Y1,600, Sony rose Y200 to Y7,020 and Ploneer picked up Y300 to Y4,000.

Yamatake-Honeywell and Yokogawa Electric, makers of industrial measuring instruments, both gained on the back of increased plant and equipment investments. Yamatake Honeywell rose Y270 to a new high of Y2,130, while Yoko-gawa gained Y140 to Y1,620, Situation stocks also rose further, with renewed demand for Keisel Electric Railways pushing the stock up Y130 to a record high of Y2,330. Keisel has been popular recently on

on the TSE, as well as on grow-ing interest in issues related to resort development. a new high of Y1,920, up Y130. The company operates a joint copper mine in Iran and is

speculation that its subsidiary, Oriental Land, would be listed

drawing investor interest as a result of the Gulf war truce.

The yen's rise helped bond prices turn up in morning trading, but they ended only slightly higher on fears of recovery selling.

The moderate rise in benchmark issues and bearishness of non-henchmark issues reflected continuing uncer-

reflected continuing uncertainty about the future of the market. The benchmark 105th government bond finished the day down 0.045 of a point at

S.3555 per cent.
Share prices on the Osaka market also rose yesterday

SOUTH AFRICA

A STRONGER financial rand restricted share price move-ments as the bullion price struggled to rise above \$430, and gold shares closed little changed. De Beers, which settled a pay dispute with workers, shed 35 cents to R38.50.

Y139.22 to Y27,023.20. High-tech issues attracted buying interest as in Tokyo, with Canon, Fujitsu and Sony moving np.

Roundup

THE PICTURE improved in afternoon trading in leading. Asia Pacific markets, although Australia and Singapore still ended lower. Taiwan's steep rally ran into profit-taking.

HONG KONG gained ground on hargain-hunting, with the Hang Seng index putting on 15.9 to 2.595.28. Concern over the previous day's news about corruption charges against stock exchange officials had diminished.

Hutchison Whampoa was the day's most active stock, ending unchanged at HK\$8.95. Hong-kong and Shanghai Bank, reporting a 34 per cent rise in interim profits after the market's close, was up 121/2 cents

Shares in Henderson Land, off 7% cents at HK\$4.8%, and off 7% cents at HK\$4.8%, and
Wing Tai, 30 cents lower at
HK\$10.50, are suspended from
today because of the August 18
extraordinary meeting to vote
on corporate reorganisation.
AUSTRALIA made np
ground after falling back early
in the excelence on extince celling

in the session on active selling, and share prices closed slightly

lower.

The All Ordinaries index lost 10.6 to 1,616.8, after earlier dropping to 1,601.1

BTR, reporting sharply higher net interim profits, lost 20 cents to A\$8.90 and Hanimex, with improved annual earnings, was steady at A\$2.66.

SINGAPOBE also closed above the day's lows as bargain hunters appeared in the afternoon, and the Straits Times industrial index fell 12.64 to 1,138.11.

Blue chips fell back, with buying interest concentrating on Malaysian speculative stocks and low-priced issues.

he Istanbul bourse was relaunched in December 1985 after a long dor-

The exercise was intended by the Government to widen and deepen Turkey's capital markets, aided by a pro-gramme of privatisation. How-ever, such ambitions plans have run up against continued family domination of even the largest holding companies, and the exchange has suffered from inexperience and a lack of inexperience and a lack of

institutional investors.

When the new equity market opened, 40 companies were listed, offering only a small percentage of their shares. There are now 50 stocks quoted on the primary market - 47 of which are actively traded -but the exchange is still tiny compared with the world's

ding bourses. The Government's liquidity squeeze in February, which included an increase to 65 per cent in deposit interest rates, soaked up investors' funds, depriving the market of a potential driving force. Even the Government's first main privatisation issue in March of shares in telephone maker Teletas - contributed to lower equity prices. Although the issue, which was oversnbscribed, gave an initial boost to trading, its launch in the mid-dle of a weak market was

unsettling. Rumours that the Government was secretly selling shares in state holdings knocked share prices in the second half of 1987, with the Istanbul Stock Exchange index Istanbul Stock Exchange index falling from a peak of 1,331.87 on August 21 to 673.0 on December 31 last year. Such rumours continue to depress the market, along with liquidity problems, inflation fears and the reticence of investors who got their fingers burnt in the sharp fall last year. The capitalisation of the

exchange's primary market amounts to about TL2,400bn (\$1.6bn), with the top 10 stocks accounting for about 32 per

cent of turnover.

Trading is controlled largely by banks, and average daily

Turkey plucked from prolonged obscurity

MARKET PROFILE

mant period dating back to the early part of this century. The exercise was intended istanbui

> turnover to the end of May this ear stood at about TLibn The bourse trades officially from 9,30 am to 12.30 pm, on a continuous anction hasis. After-hours trading lasts about two hours in the first, or primary market, and half an hour in the second market.

The Istanbul Stock Exchange index tracks the performance of the 50 shares on the primary market. The index is hovering now at about 455, having reached a high this year of 858.24 on January 25 and a low of 415.03 on July 5.

There is no over-the-counter market, although bonds are traded. Shares, both bearer and registered, rank equally for voting rights.

Foreign investment has been allowed in principle in Turkish equities for the past four years, although exchange controls have in reality precluded such activity on a significant scale.

Last month's decree to liberalise such controls could change that and there is evi-dence that foreign interest in the market is growing. The decree clarifies the procedure for the setting up of investment trusts and the repairia-tion of funds, allowing institutions, but not individual investora, to invest through a STOCK MARKET FACT CHART ISTANBUL

Market capitalisation: TL2,400bn (\$1 = TL1,459, £1 = TL2,476) Number of shares tisted: 50 Top 10 stocks, percentage of market 32% Trading hours; official — 9.30 am-12.30 pm; after hours two hours on the primary market

Average daily turnover, to end-May 1988: TL1bn Main Index; Istanbul Stock Exchange Index (50 stocks) Current level of Index: 452,45; 1988 high: 858.24 (25/1); 1988 low: 415.03 (5/7)

There is talk of a closed-end Turkey fund similar to those launched recently for several

emerging markets, such as Portugal and Thailand. It would prohably be listed in either London or New York. At present there are 12 closed end domestic mutual funds not open to overseas investors.

Neither foreign nor domestid investors are liable to with-

The profile series continues

holding tax. The market is paper-based, with computerisation due to be introduced in the next two to three years.

next week with Taiwan Jim Bodgener

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FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuarles and the Faculty of Actuaries

REGIONAL MARKETS		WEDNESDAY AUGUST 10 1988				TUESDAY AUGUST 9 1988			DOLLAR INCEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Oiv. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx)
per grouping Australia (89). Australia (16)	147.73 84.40 110.77 118.80 120.00 125.42 89.43 73.21 105.20 130.08 70.09 161.04 151.20 104.22 81.06 118.48 131.52 109.87 145.74 112.68 77.57 130.17 106.85	%	129.52 74.00 97.12 104.16 105.21 109.96 78.41 109.96 78.41 14.05 61.45 144.19 132.57 132.70 91.38 115.31 96.33 127.79 96.80 114.13 96.33	123.00 84.04 111.04 105.42 119.51 118.84 90.90 72.91 105.38 136.86 154.44 378.63 102.82 63.97 111.89 123.89 88.95 138.73 109.18 76.46 114.13 106.85	3.64 2.47 4.54 3.19 1.45 3.57 4.50 3.64 4.50 2.72 0.53 8.1.44 4.50 2.69 2.69 2.69 2.61 2.24 4.41 3.71	150.04 85.30 111.72 121.13 120.33 127.64 90.90 74.18 107.41 131.21 70.41 164.66 155.24 106.38 81.74 118.76 135.79 113.34 147.23 114.89 77.68 131.43 108.69	191.82 74.94 98.15 106.42 105.72 112.14 79.86 65.17 61.86 144.67 135.37 135.37 136.39 99.58 129.35 10.94 68.25 195.49	124.69 83.99 111.72 106.62 119.51 119.66 92.08 73.89 107.61 131.73 74.32 140.20 156.78 388.39 44.35 111.70 127.84 89.28 139.29 121.15 77.15 106.69	High 150.71 98.18 139.89 128.91 132.72 139.53 99.62 80.79 111.86 144.25 81.74 177.27 154.17 180.07 110.66 84.05 132.23 135.89 139.07 164.47 125.50 86.75 141.18	91.16 83.72 99.14 107.06 111.42 106.78 72.77 67.78 84.90 104.60 91.33.61 107.83 90.07 95.23 64.42 98.55 97.99 109.87 130.73 96.92 75.60 123.09 99.19	(approx) 155.80 95.18 129.98 140.91 111.63 103.67 101.32 142.69 137.16 86.93 140.62 192.24 128.82 115.20 169.35 173.62 179.89 141.77 122.89 105.24 147.38 135.52
Pacific Basin (674) Euro-Pacific (1688) North America (708) Europe Ex. UK (689) Pacific Ex. Japan (218) World Ex. US (1889) World Ex. UK (2144) World Ex. So. Af. (2409) World Ex. Japan (2013)	158.34 136.31 107.48 86.55 125.84 135.45 123.81 124.45 106.79	-2.2 -1.8 -1.7 -1.2 -1.9 -1.9 -1.8 -1.5	138.82 119.51 94.23 75.88 110.33 118.76 108.55 109.12 93.63	135.00 119.92 106.78 86.74 111.77 119.24 115.00 115.08 103.73	0.73 1.65 3.68 3.13 3.90 1.72 2.16 2.35 3.72	161.86 138.87 109.35 87.57 128.07 138.01 126.20 126.73 108.42	142.20 122.00 %.07 76.94 112.52 121.25 110.87 111.34 95.25	138.23 122.33 108.58 87.70 113.61 121.58 117.26 117.27 105.27	172.26 147.53 113.29 92.99 128.27 146.49 131.77 132.39 112.43	97.01 130.81 120.36 99.78 80.27 87.51 120.26 111.77 113.26 100.00	122.35 141.24 133.75 135.80 106.81 148.90 134.60 133.70 134.62 132.21
The World Index (2469)	124.37	-1.8	109.04	114.91	2.37	126.65	111.27	117.08	132.38	113.37	134.91

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US \$ Index), 90.791 (Pound Sizeling) and 94.94 (Local). Copyright, The Financial Times, Goldman, Sachs & Co., Wood Mackenzie & Co. Ltd.1987 Danish prices were not updated August 10. Latest prices were unavailable for this edition.